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# China Report

ECONOMIC AFFAIRS

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10 JUNE 1986

## CHINA REPORT ECONOMIC AFFAIRS

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## PROVINCIAL AFFAIRS

### TIANJIN'S LI RUIHUA GIVES GOVERNMENT WORK REPORT

SK170500 Tianjin TIANJIN RIBAO in Chinese 30 Apr 86 pp 1-3

[Government work report delivered by Li Ruihua, mayor of Tianjin Municipality, at the 5th Session of the 10th Tianjin Municipal People's Congress on 22 April, entitled: "Sum Up Experiences, Advance on the Crest of Victory, and Work Hard in Order To Comprehensively Fulfill the 'Seventh 5-Year Plan'"]

[Text] Fellow Deputies:

The 5th session of the 10th Tianjin Municipal People's Congress is of great significance for our municipality's socialist modernization. On behalf of the municipal people's government, I now submit a report on the situation of the implementation of the "Sixth 5-Year" Plan and on the principal content of the "Seventh 5-Year" Plan to the session for examination and approval by the present session.

#### On Reviewing the Work of the "Sixth 5-Year" Plan Period

The "Sixth 5-Year" Plan period was an extraordinarily transitional period in Tianjin's history. Conscientiously reviewing and summing up the work done in this period is of great significance for consciously applying the basic experiences gained in the "Sixth 5-Year" Plan period to work out the "Seventh 5-Year" Plan, to upgrade the work of the "Seventh 5-Year" Plan period to a new level, and to win new and greater successes.

In the beginning of the "Sixth 5-Year" Plan period, we had many problems demanding prompt solution, such as healing the wounds left over by the 10 years' turmoil and restoring the houses and facilities damaged by the strong earthquake. The various sectors of the national economy were seriously imbalanced. The industrial and agricultural output was experiencing slow development. Hundreds of thousands of people became temporary shack-dwellers due to the fact that we lagged behind in urban construction. More than 400,000 young people were waiting for jobs. We started to implement the "Sixth 5-Year" Plan under such a difficult situation. Thanks to the concerted efforts of the people throughout the municipality under the direct leadership of the municipal CPC Committee and with the profound concern of the CPC Central Committee and the State Council, we surmounted various

difficulties and scored successes one after another during the past 5 years. With the successes in fulfilling all major tasks and targets set in the "Sixth 5-Year" Plan, a new situation in which all fronts were prosperous was created. With notable changes in the situation, Tianjin entered a period of greater vitality than in any other 5-year period since the founding of the PRC.

During the "Sixth 5-Year" Plan period, a sustained, steady, and coordinated development of the national economy was realized thanks to persistently focusing on economic construction and paying attention to increasing the economic results. In 1985, the total industrial and agricultural output value reached 32.7 billion yuan, showing an increase of 57.4 percent over 1980 and registering an annual average increase of 9.5 percent. Of this, the total industrial output value increased by 50 percent and the total agricultural output value increased by 140 percent. The GNP reached 16.86 billion yuan, an increase of 69.9 percent over 1980 and representing an average annual increase of 10.2 percent. The national income reached 13.9 billion yuan, an increase of 49.3 percent over 1980 and an annual average increase of 8.3 percent. Revenue reversed the trend of increasing and declining. In 1985, when the prices of some raw materials rose, the portion of profits obtained by the enterprises increased, and the loans returned to the relevant units by the enterprises increased, revenue reached 4.59 billion yuan (including the newly added urban maintenance and construction taxes totaling 179 million yuan). When calculated in terms of comparable standards, revenue in 1985 showed an increase of 21.1 percent over that of 1984. The industrial and agricultural output value, sales volume, and revenue increased at the same pace in 1985. The output of most of the major industrial products covered by the "Sixth 5-Year" Plan increased, and some doubled or quadrupled. When comparing 1980 and 1985, the output of pig iron increased from 450,000 tons to 816,000 tons, that of petroleum increased from 397 million tons to 3.75 million tons, that of cement increased from 626,000 tons to 1.050 million tons, that of plate glass increased from 355,000 standard cases to 1.175 million standard cases, that of soda ash increased from 427,000 tons to 514,000 tons, that of woolen goods increased from 7.7 million meters to 13.9 million meters, that of vehicles increased from more than 5,000 to more than 20,000, that of chemical fibers increased from 427,000 tons to 514,000 tons, that of bicycles increased from 2.93 million to 5.63 million, that of sewing machines increased from 420,000 to 1 million, that of wrist watches increased from 2 million to 4.32 million, that of television sets increased from 153,000 to 902,000, that of cassette recorders increased from 42,000 to 288,000, and that of cameras increased from 12,000 to 120,000. Tianjin ranked higher than in the value of industrial output of some products.

During the "Sixth 5-Year" Plan period, we strengthened our readjustment work, and the production setups and product structure became more rational. While developing the primary and secondary industries, we adopted supportive and preferential policies to boost the development of the tertiary industry; persisted in encouraging the state, the collective, and the individual units to participate in the work; and witnessed a vigorous development in the commercial, banking, information, consultation, and service departments. The proportion of tertiary industry in the gross national product rose from 23.7 percent in 1980 to 27.2 percent in 1985. In the industrial sector, we vigorously developed the production of consumer goods for daily use; shut

down and suspended the operation of some heavy industrial enterprises that lacked prospects for development, amalgamated them with other enterprises, and switched them to the manufacture of other products; worked out overall plans for the development of 18 consumer products such as bicycles, household electrical appliances, chemicals for daily use, and foodstuffs, as well as 5 other supportive trades; and created a number of quality brand-name products. Meanwhile, we also readjusted the service orientation of heavy industry, vigorously provided technology and equipment for the light and textile industries and other trades, strengthened the production of basic raw materials, and basically stabilized the ratio of light industry to that of heavy industry at 55 percent to 45 percent. In the agricultural sector, we based our work on "serving the city and making the peasants rich"; persisted in comprehensively developing agriculture, forestry, animal husbandry, sideline occupations, and fisheries, and operating the agricultural, industrial, commercial, transport, and building industries in an all-round manner; and greatly raised the commodity rate. In the total agricultural output value, the proportion of forestry, animal husbandry, sideline occupations, and fisheries (including the village-run industries) rose from 64.6 percent in 1980 to 79.2 percent in 1985. The output value of town-run and township enterprises reached 4.45 billion yuan, accounting for 68.5 percent of the total product of the rural society, and became an important force for vitalizing the rural economy.

During the "Sixth 5-Year" Plan period, we firmly grasped the technological transformation of the existing enterprises, and remarkably strengthened the economic forces. The municipality as a whole invested 6 billion yuan in the technological transformation of the industrial departments, which accounted for 60 percent of the total industrial investment in fixed assets, completed 68 key capital construction and technical projects, upgraded the quality of 26 key products, and developed some competitive products and products in short supply, as well as some export products. Through technological transformation, we expanded the production capacity of steel by 460,000 tons, pig iron by 250,000 tons, crude oil by 1.75 million tons, limestone for making cement by 900,000 tons, aluminum products by 8,600 tons, sodium carbonate by 120,000 tons, polyester flax by 80,000 tons, black and white kinescopes by 1.44 million, high- and medium-grade cigarettes by 350,000 boxes, and woolen spindles by 42,000. Through transformation, we increased economic results. According to an initial estimate, after putting all the 26 key products into production, we will increase the output value by 5.7 billion yuan and taxes and profits by 1.5 billion yuan, and create some \$380 million in foreign exchange. Judging from the projects which had passed the acceptance tests, the ratio of input to output was 1 to 3 and the ratio of input to profits and taxes was 1 to 0.6. Through technological transformation, we raised our technical level. Since 1983, by using the foreign exchange we are entitled to use, we have imported foreign advanced equipment, carried out scientific research projects, transformed more than 100 production lines, upgraded and updated some outdated products, developed some new products, and made it possible for the quality of some 10,000 products, including engineering machinery products, motor vehicles, electric pumps for oil extraction [qian you dian beng 3383 3111 7193 3119], chain-type oil extractors, a laser microscopic system [ji guang chao suo wei xi tong 3423 0342 6389 4799 1792 4762 4827],



and radios and television sets, to attain the domestic pioneering standards or the international advanced level. Through transformation, we strengthened the building of some basic links, and raised the levels of some basic technologies, raw materials, and component parts, which played a good role in improving the functions and quality of products and accelerating the pace of domesticizing the imported products.

During the "Sixth 5-Year" Plan period, we carried out the economic structural reform in a persistent and steady manner, thus increasing vitality and vigor in the various sectors of the national economy. In the rural areas, a decisive success was won in the first stage of reform focusing on the institution of the household output-related contract responsibility system, and we entered the second stage focusing on stimulating the development of commodity production. Through the abolishment of the systems of monopolized and fixed-quota purchases, the readjustment of the rural production setup, and the clearance of the circulation channels between the urban and the rural areas, the rural economy was reoriented toward specialized, commodity, and modern production. Commodity rate of farm and sideline products reached 77 percent, 10 percent higher than in 1980. In the urban areas, the reform focusing on invigorating enterprises is being carried out in an all-round manner. Industrial enterprises have been allocated with greater decisionmaking power to allow them to enjoy more rights and interests in planning, pricing, supply and marketing, and personnel management. The second step of tax reform changing profit delivery into tax payment was completed at large and medium-sized enterprises, and some small state enterprises were turned into ones "owned by the state, and operated by the collective, which should pay taxes according to regulations, and be responsible for their own profits and losses," thus sparking the enthusiasm for production and operation. Various forms of economic responsibility systems were extensively enforced within enterprises, which began to break with the egalitarian way of distribution, and aroused the labor initiative of the masses of staff members and workers. Construction departments introduced the bidding system and the system of signing contracts to fix the amount of wages for every 100 yuan worth of finished work to spur enterprises to strengthen their operation and management. In general, the construction period was cut by 30 percent and construction costs by 5 to 10 percent. Transportation departments changed their monopolized operation, and transportation undertakings run by collectives and individuals were developed to make up for the shortage of means of transportation. After the reform of the management system, Tianjin Harbor expanded its power and enhanced its vigor, thus greatly improving its loading and unloading efficiency, and alleviating the delay in loading. Sales departments eliminated the system of establishing wholesale units according to administrative levels; set up a group of trade centers, trade warehouses, and wholesale markets; and experimented with the system of combining industry and commerce into one in the textile, medical, and silk production trades, thus reducing the intermediate links, increasing the circulation channels, and promoting commodity exchanges. In the reforms of the price and wage systems, we followed the arrangements of the central authorities, and took an important step forward. After last May, when the plan for the price reform was promulgated, vegetables, meat, fish, poultry, and eggs were abundant, their supplies were normal, and their prices were basically stable. The first phase of the wage reform of government organs and institutions, and the coordinated wage reform of enterprises had



been, by and large, completed by the end of 1985, and the wages of the masses of staff members, workers, and cadres were raised by varying degrees. In the field of lateral economic cooperation, we adhered to the principle of equality, mutual benefit, mutual supply of what is needed, learning from others' strong points to offset our weaknesses, and common development; established economic cooperative relations with more than 300 enterprises of 28 provinces, municipalities, and autonomous regions; discussed and reached agreements with 28 provinces, municipalities, and autonomous regions on more than 4,500 scientific and technological cooperation projects; and established ties with some colleges and universities of 17 provinces and municipalities in order to mutually train students. Through cooperation, our municipality's acute shortage of energy resources and raw materials was alleviated, the supply of goods for exports increased, and exchanges in science and technology and personnel were expanded. In addition, marked results were also achieved in the reform of the systems of districts and neighborhoods, and districts and neighborhoods played an important role in building and managing the city and arranging the daily lives of the people.

During the "Sixth 5-Year" Plan period, we conscientiously implemented the principle of opening to the outside world, and opened up a new situation in foreign economic and technological exchanges. Foreign exchange earned from exports showed a substantial increase. Under the circumstances in which more ports were opened throughout the country and goods shipped in from other areas declined by a large margin, the accumulated volume of exports of Tianjin Harbor reached \$6.78 billion, registering a 35.6-percent increase over the "Fifth 5-Year" Plan period. Great changes also took place in export product mix, with the proportion of industrial goods being increased gradually, and some machinery and electrical products beginning to enter the international market. At the same time, nontrade foreign exchange earnings, such as earnings from tourism, also increased every year. Encouraging results were achieved in the imports of advanced foreign technologies. By the end of 1985, we had signed contracts with foreign countries for 574 projects, involving \$530 million. Of these projects, 288 were completed and went into operation, and can create 3.3 billion yuan in output value and \$150 million in foreign exchange through exports every year. More than 80 percent of these projects reached the foreign technological levels of the late 1970's and early 1980's. Fairly rapid progress was made establishing Chinese-foreign joint ventures. By the end of March 1986, we had signed contracts with 13 countries and regions, including Japan, the United States, Britain, France, and Hong Kong, for 153 joint venture projects involving a total investment of some \$460 million, of which 47 percent was foreign capital. Fifty-eight joint ventures have opened business, and most of them achieved very good economic results and a balance in foreign exchange with some surplus. After more than 1 year of construction, the infrastructure in the first area to be developed in the economic and technological development zone took initial shape, and was provided with the conditions for accepting foreign funds. By the end of last year, contracts for 20 joint venture, cooperative, and import projects had been officially signed, with the total investment reaching \$470 million. In addition, we established six joint ventures for production and management in Pakistan, North Yemen, Venezuela, Canada, and the United States, undertook a group of foreign engineering projects, and developed labor service cooperation.

During the "Sixth 5-Year" Plan period, we persistently considered the development of science and education a strategic focus, and thus achieved marked results in technological progress and intellectual development. We sparked the enthusiasm of the masses of intellectuals by conscientiously implementing the policy on intellectuals and the guidelines of the decisions on reforms of science and technology and educational guidelines issued by the central authorities. Education funds increased. In the 5-year period, spending on education reached 970 million yuan, 75.88 percent more than in the "Fifth 5-Year" Plan period. Carrying out the principle of serving economic construction, scientific research departments organized various forms of associations engaged in both scientific research and production, exerted concerted efforts to tackle major technical difficulties, developed scientific and technological markets, and carried out paid transfer of scientific research findings. More than 60 percent of the scientific research findings have been applied, thus promoting industrial and agricultural production and various undertakings. During these 5 years, 1,928 major scientific and technological achievements were scored in industry, agriculture, new technologies, and basic research. Of these achievements, 31 won the national invention award and 5 won the international invention award or gold and silver medals at exhibitions of new technologies. Among the 105 scientific and technological achievements China placed on display to be transferred at Japan's international exposition, 27 came from Tianjin. Social science workers actively carried out their research work in close coordination with the building of the two civilizations, and scored some achievements. Adhering to the principle of gearing education to the needs of modernization, the world, and the future, education departments actively implemented the education reform, strived to improve the educational quality, and developed schools of various categories at various levels. Primary school enrollment rate of school-age children reached 99.26 percent. Secondary vocational and technical education developed rapidly, and the number of students studying at secondary vocational and technical schools amounted to 45 percent of the total number of students of the schools equivalent to senior middle schools. Higher education was gradually improved. Commercial, agricultural, and science and engineering institutions were established, and some urgently needed specialities were set up. During the 5 years, the students studying at full-time schools increased by 50 percent, and the number of post-graduates increased by 410 percent. Adult education was carried out extensively. During the "Sixth 5-Year" Plan period, basically all young staff members and workers attended classes aimed at improving their general and technical knowledge, and more than 40,000 people were studying at higher educational television, spare-time, radio, and correspondence schools, showing a 290-percent increase over 1980. As a result of several years of advocacy, urban and rural areas throughout the municipality launched activities to support education, the common practice of respecting teachers and stressing education was initially established, the status of teachers was greatly raised, and the conditions for running schools improved noticeably. In addition, new achievements were also scored in culture, public health, sports, press, publication, radio and television broadcast, and family planning.

Thanks to the strengthening of urban construction and management, the functions of urban areas have been improved by a big margin during the "Sixth 5-Year" Plan period. The completion of the project for diverting the Luan He

water to Tianjin with an annual water supply capacity of 1 billion cubic meters has provided Tianjin with a reliable water source as well as a complete water diversion system. Thus, the problems of lacking water for production use and the people having salt water were eliminated. The newly added daily water supply capacity reached 230,000 tons with the completion of the newly built and expanded water works. Conditions for water supply have been improved and more and more places with high-pressure hydraulic power have been provided with water. Thanks to building and renovating drainage pipelines and pumping stations and excavating sewage disposal conduits, the drainage capacity increased. With regard to environmental protection, the three giant dragons that were sending out "yellow, white, and black" smoke have been handled. The Jizhuangzi sewage treatment plant was completed, 63 factories and workshops with serious pollution were moved to other places or were transformed, 217 units that created noise disturbing the people were brought under control, and the smoke and dust from more than 1,700 boilers and kilns were eliminated. Thus, our environmental sanitation has been improved. With regard to transportation and communications, the western section of the central ring road and the Jintangshugang road have been built, some main roads in urban areas have been expanded; a number of bridges have been repaired and built, subways have been opened to traffic, and the Ligang railway line has been expanded. Thus, the transportation situation has been improved. The loading capacity of Tianjin Harbor increased by a big margin thanks to the completion of six 10,000-class berths and the first container wharf in our country, and the renovation of some loading and unloading machines. Conditions have been created for opening the lower reaches of the Hai He to traffic, building factories in the areas along both sides of the river, and having the railways cross the river through building two sluice gates and the Haihe Bridge. Simultaneously, postal and telecommunications facilities have been improved thanks to 45,000 newly added telephone switchboards and the newly built long-distance telecommunications pivots. With regard to renovating the appearance of the municipality, the shacks built for temporary use and a large number of buildings that were not built in line with the regulations have been dismantled, hundreds of streets and roads and some buildings of artistic style have been renovated, and some ancient buildings in Jixian County, including the Great Wall and some cultural streets, have been repaired. Simultaneously, we also firmly attended to afforestation. The appearance of the municipality has been beautified through the building and repairing of some parks, grasslands, and small public courtyards with flowers and trees. All this has helped improve the conditions for production and livelihood and create favorable conditions for further opening to the outside world.

Thanks to continuing to do real deeds for the people with all our hearts, the people's livelihood has notably been improved during the "Sixth 5-Year" Plan period. Comparing 1980 with 1985, the per capita income of the urban people increased by 65 percent. Adjusted for price hikes, the average annual increase of the per capita income of the urban people was 7 percent. The per capita net income of the peasants was doubled and the average annual increase of their income was 15.2 percent. The savings deposits of the urban and rural people increased by 270 percent. Besides, a large number of jobless people have been employed through different channels. The situation of having many people waiting for jobs was basically eliminated. In terms of the market supply situation, the total volume of retail sales of commodities increased



by 83.9 percent over the past 5 years, showing an average annual increase of 13 percent. Great changes have taken place in the people's consumption structure. At present, the people are particular about food nourishment, beautiful clothing, and expensive consumer goods. The number of expensive durable consumer goods owned by households, such as television sets, cassette recorders, and refrigerators, increased by a big margin. During the "Sixth 5-Year" Plan period, houses occupying more than 17 million square meters of floor space were built in the urban areas, 2 million square meters of floor space more than the total figure of the 32 years before this period. The strain on housing was alleviated thanks to rebuilding houses that leaked and some dangerous and shabby houses. The people's housing conditions have been improved. The per capita housing areas of the rural people increased from 10 square meters of floor space to 14.5 square meters. In terms of the construction of service facilities, food streets, commercial streets, and a large number of commercial networks have been built, farm products trade markets have been set up, public transportation service lines have been expanded, more than 6,000 sickbeds and 140,000 family sickbeds have been added, and a large number of public toilets have been set up. Thus, the people's difficulties in "purchasing goods," "taking a car," "being hospitalized," and "finding a toilet" have been alleviated to varying degrees. The changes and improvements in the people's livelihood in this period have rarely been seen since the founding of the PRC.

During the "Sixth 5-Year" Plan period, we persisted in grasping the two civilizations simultaneously and unceasingly strengthening the building of the spiritual civilization. In the past few years, the municipality as a whole persisted in upholding the four basic principles and conducting education on ideals, morality, culture and the sense of discipline, and extensively launched the activities on "five stresses, four beauties, and three loves," and on implementing the "rules for citizens." In line with their own characteristics, all fronts also launched activities on vying to be the civilized units, villages and towns, and five-goods families as well as the army-people joint activities to build the spiritual civilization. The ideological and political awareness as well as the morality of the people continued to be enhanced, and the spirit of self-respect, self-esteem, and a sense of pride were gradually formed among the people throughout the municipality. The literary and art circles strived to adhere to the orientation of serving socialism and the people, and created a number of fairly good spiritual products. Meanwhile, we carried out struggles to deal severe blows to serious criminal activities and economic crimes, destroyed some vile and very harmful criminal cliques, seriously and promptly punished some criminals in accordance with law, strengthened the consolidation of social order and the comprehensive tackling of public security problems, and redeemed a number of misguided youths. At present, social order has improved remarkably, and the people have a sense of safety. Tianjin became one of the areas in China with fairly good public security.

During the "Sixth 5-Year" Plan period, we fulfilled the reconstruction task after the earthquake, and formulated an overall plan for urban development. The serious earthquake in 1976 brought great damages to our municipality, directly incurring some 3.9 billion yuan of economic losses. At that

time, some 60 million square meters of houses were destroyed, of which some 16.8 million square meters of houses were residential houses, accounting for 70 percent of the municipality's total residential housing areas. Under the cordial concern of the CPC Central Committee, and the vigorous support of the fraternal provinces, cities, prefectures, and the PLA, the people throughout the municipality displayed the indomitable spirit that man can conquer nature, and launched an extremely hard and bitter struggle in an effort to restore production and to rebuild their homes. In the past 10 years, we repaired and reinforced some 800,000 houses with a total area of more than 14.4 million square meters, newly constructed some 22 million square meters of residential housing, and repaired and rebuilt a great number of houses belonging to the enterprises and establishments, roads, bridges, pipes, telecommunications lines, and some urban public facilities, which were damaged in the earthquake. The once desolate scene of broken walls and devastation after the earthquake is now putting on an entirely new outlook. In the course of rebuilding houses after the earthquake, the central authorities allocated special funds of some 4.7 billion yuan for this purpose. Together with the funds raised by the local governments, the total investment in this field reached some 5.79 billion yuan. At present, such a task has been successfully completed and Tianjin municipality's urban construction has begun to embark on a normal path. Last year, based on the original work, we organized the forces from all quarters to formulate the municipality's overall plan which was discussed and adopted at the 3d session of the 10th Municipal People's Congress. This overall plan defines Tianjin's nature, scope, and layout, and portrays a magnificent blueprint for building Tianjin into a new place with socialist modernization. Meanwhile, Tianjin's economic construction and urban construction are being gradually carried out in line with this overall plan.

Fellow deputies, the achievements and changes during the "Sixth 5-Year" Plan period were victories that came from our efforts to proceed with the work from Tianjin's actual situations and our conscientious implementation of the central line, principles, and policies as well as the results of the broad masses of people's hard struggle and their spirit of being the masters of the state. While fully affirming the achievements, we should also sober-mindedly note that there are still some mistakes and defects in our work. There are still many problems in handling the relations between controlling the macroeconomy and enlivening the microeconomy. The production setups and the product structure are still far from being rational and the quality of some enterprises is still low. Their product quality is low and their economic results are not ideal. The urban infrastructure is fairly backward and the urban management work lags behind other places and is far from meeting the needs of economic development. We are comparatively weak in carrying out ideological and political work and the unhealthy trends are still far from being checked with vigorous efforts. All these should merit our full attention. The achievements and experiences gained during the "Sixth 5-Year" Plan period are the favorable conditions for implementing the "Seventh 5-Year" Plan, and the mistakes and defects during that period are the problems which we should vigorously solve during the "Seventh 5-Year" Plan period. We should conscientiously, realistically sum up the work experiences gained in the "Sixth 5-Year" Plan period, and persist in accurately correcting mistakes in an effort to better carry out the tasks for the "Seventh 5-Year" Plan period and to score greater achievements.



## An Explanation on the "Seventh 5-Year" Plan

The formulation of the draft "Seventh 5-Year" Plan of Tianjin Municipality began in late 1982 in line with the unified arrangements of the State Council. In the course of the formulation, we gave heed to the opinions of relevant departments and experts of various fields extensively, carried out repeated economic and technological appraisals, and comparisons of many plans, and, on this basis, drew up the preliminary draft of the "Seventh 5-Year" Plan. Later, in line with the CPC Central Committee's proposal for the "Seventh 5-Year" Plan, and the guidelines of the Fourth Session of the Sixth NPC, we revised it once again, and worked out Tianjin Municipality's draft "Seventh 5-Year" Plan to be submitted to this session for examination and discussion.

The "Seventh 5-Year" Plan period is a very important historical period. According to the strategic objective set forth at the 12th National Party Congress, our municipality should quadruple its industrial and agricultural output value by the end of this century on the premise that economic results are improved continuously, and, according to the requirement of the overall plan for Tianjin Municipality, should gradually become a comprehensive industrial base with advanced technologies, an open, multifunctional economic center, and a modern international port city. The fulfillment of this grand strategic goal is decided, to a very large extent, by the work of the "Seventh 5-Year" Plan period. These 5 years should be a period for greatly readjusting production structure and product mix, for strengthening key construction projects and technical transformation, and for laying a solid material foundation for the future economic revitalization. They should also be a period for actively developing science and education, for accelerating the development of intellectual resources, and for accumulating forces in the field of personnel for the future technological progress. More importantly, they should be a period for carrying out in-depth economic structural reform, expediting a change of old system into new ones, and basically bringing into balance the relations between the various sectors of the economy. In addition, they should be a period for greatly reinforcing the urban infrastructure, improving the comprehensive functions of the city, and building the frames for the fulfillment of the urban overall plan.

Such a specific historical position of the "Seventh 5-Year" Plan period requires us to follow the following guiding principles when formulating and implementing the "Seventh 5-Year" Plan: It is necessary to place reform above everything else, and properly handle the relationship between reform and construction so that they can coordinate and promote each other. It is necessary to properly handle the relationship between growth rate and economic results while focusing on improving economic results, and guarantee a sustained, stable, and coordinated development in our municipality's economy. It is necessary to persistently rely on science and technology when carrying out economic construction, gear science and technology to the needs of economic construction, combine science and technology with economic construction closely, and promote economic and social development through scientific and technological progress. It is necessary to greatly strengthen the building of the socialist spiritual civilization while promoting the material civilization, and make sure that the four modernizations proceed along the socialist orientation. It is necessary to pay close attention to showing

concern for and improving the people's living standards on the basis of developed production, and enable production and construction to progress in a coordinated manner together with the improvement of the people's living standards.

In line with the arrangements of the state's "Seventh 5-Year" Plan, and the actual conditions of our municipality, our major tasks and fighting goals during the "Seventh 5-Year" Plan period will be as follows:

We should maintain a definite economic growth rate, and double the industrial and agricultural output value, the GNP, and the national income by 1990. The draft "Seventh 5-Year" Plan stipulates that in 5 years the industrial and agricultural output value should increase by 34 percent, averaging an annual increase of 6 percent; the GNP should grow by 40 percent, averaging an annual increase of 7 percent; and the national income should increase by 34 percent, averaging an annual increase of 6 percent. By 1990, the industrial and agricultural output value should reach 43.8 billion yuan, 110 percent more than in 1980; the GNP should reach 23.65 billion yuan, 130 percent more than in 1980; and the national income should reach 18.6 billion yuan, 100 percent more than in 1980. The accumulated revenue during the 5 years should be 27.8 billion yuan, an increase of 30 percent over the "Sixth 5-Year" Plan period in terms of comparable standards. The volume of exports through the port will continue to grow. Of this, the volume of export goods supplied by our municipality will reach \$4.8 billion, representing a 30-percent increase over the "Sixth 5-Year" Plan period.

We should develop the production of highly competitive products, and establish 10 key trades. By late this period, the number of the products which can produce more than 100 million yuan of output value annually will increase from the present 41 to 64, that of the products which can produce more than 50 million yuan of profits and taxes annually will increase from the present 27 to 44, that of the products which can create more than \$5 million of foreign exchange a year will increase from the present 25 to 50, the proportion of the technology intensive trades will grow from the present 18.8 percent to 23.1 percent, and the proportion of the new industries will go up to 1.7 percent from the present 0.7 percent. We should achieve a great development in the complete sets of equipment composed of machinery and electrical instruments, and serialized products. We should be ranked among the best of the country in the output and quality of minivans, tractors, forklifts, elevators, soda ash, caustic soda, dyestuff, metal products, duplicators, color televisions, cameras, bicycles, wrist watches, woolen piece goods, and sports goods. We should initially establish 10 key trades--the auto industry, equipment and machinery for energy and other industries, electronic industry, basic and refined chemical industries, quality rolled steel and metal products, new building materials, household electric appliances, machinery for daily use, garment and woven articles for decoration use, and food industry.

We should actively develop the coastal areas, and gradually move key industries to the eastern part of the municipality. According to the urban overall plan, during the "Seventh 5-Year" Plan period, we will establish a new metallurgical industrial area in the northern bank of the lower reaches of Hai He by building

large enterprises, such as a seamless steel tubing mill, and a copper smelting plant; and gradually turn the southern bank of the lower reaches of Hai He into export-oriented industrial base by expanding the Zhenhua Woolen Mill, the Liulin Woolen Mill, and the branch of the No. 3 Cotton Mill. In Tanggu and Hangu districts, we should complete the reconstruction and expansion of such large enterprises as the Tianjin Soda Plant, the Dagang Chemical Works, and the Tianjin Chemical Works, expand the crude salt production capacity of the Tanggu and the Hangu Salt Plants, and give play to the advantage of the marine chemical industrial area. In the Dagang District, we should continue to increase the crude oil production capacity, perfect the intensive processing of oil refineries, complete the long-staple chemical fiber project, renovate the natural gas separating equipment, and set up a basic frame for the petrochemical area. In the economic development zone, the construction of the 3-square-km industrial area, and the 1.2-square-km living compound should be completed, and a group of China-foreign joint ventures, cooperative enterprises, and enterprises run exclusively with foreign investment should be established. By 1990, the industrial production capacity of the entire coastal area should reach 10 billion yuan, doubling that of 1985.

We should greatly improve the functions of the city, and make the electricity supply, and transport facilities "basically compatible with the functions." During the "Seventh 5-Year" Plan period, we should continue to greatly strengthen the construction of urban infrastructure in line with the overall plan. We should study the comprehensive development and utilization of the water resources of our municipality, and achieve a balance in the supply and demand of the water resources. The Xinkaihe and the Lingzhuang water works should be expanded to make their daily water supply capacity reach 1 million tons. We should renovate the water drainage facilities of the five large areas where such facilities are poor, prepare and establish the Dongjiao sewage treatment plant with a daily capacity of 400,000 tons, improve the auxiliary environmental sanitation facilities, accelerate the treatment of waste gas, waste water, and industrial residues, and improve the quality of environments. We should reconstruct and expand the No. 1 thermal powerplant, and the Junliangcheng, Dagang, and Yangliuqing powerplants, and newly build the Jixian county powerplant, and the Chentangzhuang thermal powerplant. The total construction scale will be 3.22 million kilowatts, the newly added power generating capacity will be 1.07 million kilowatts, and by 1990 the installed capacity of the whole municipality will reach 2.37 million kilowatts. We should build the inner, central, and outer ring roads, and some dozen main roads spreading from the ring roads, expand a group of sections where traffic jams often occur, newly build and rebuild a number of bridges, continue the construction of the subways, and establish an urban road network in its initial shape. We should renovate the Tianjin bus terminal, do a good job in the auxiliary projects for the railway hub, and extend the local railways. We should complete the construction of the Tianjin section of the Beijing-Tianjin-Tanggu expressway, and renovate 5 state-level roads, and 22 municipality- and county-level roads. We should renovate the Zhangguizhuang airport for civilian use, and open new scheduled flights. We should expand the Xingang port in Tanggu, develop the lower reaches of Hai He, and build a number of berths to increase the port cargo handling capacity by 55 percent. By 1990, we should basically build a comprehensive communications and transportation network with coordinated roads, railways, waterways, and air routes.



We should vitalize the scientific and technological educational undertakings and achieve "increases in the four aspects." During the "Seventh 5-Year" Plan period, the local authorities should allocate 1.7 billion yuan of funds for developing educational undertakings, showing an increase of 79 percent over the "Sixth 5-Year" Plan period, and greatly exceeding the growth rate of financial revenue. We should establish a science village, initially form a new system which closely combines scientific research with production, and complete 800 key joint research projects, showing an increase of 53 percent over the "Sixth 5-Year" Plan period. We should also gradually popularize the 9-year compulsory educational system. By 1990, the suburban counties should make junior middle school education universal and the urban areas should make the senior middle school education universal and the student body of higher educational institutions, secondary vocational schools, skilled workers schools, and vocational schools should reach 189,000, an increase of 66 percent over 1985. In the coming 5 years, we should train 200,000 students of secondary vocational schools of various branches of learning, an increase of 70 percent over the "Sixth 5-Year" Plan period.

We should vigorously develop the tertiary industry and gradually form "five centers." During the "Seventh 5-Year" Plan period, we should speed up the development of the tertiary industry which directly serves production and the people's livelihood. By 1990, the proportion of output value of the tertiary industry to that of the GNP should rise from 27.2 percent in 1985 to 31.4 percent. The banking, insurance, and credit businesses should be developed and the banking units should be readjusted and improved. We should increase the capacity of city and long-distance telephones and telecommunications, and apply modern means such as computers to form an economic information network. We should establish fully-equipped large and comprehensive wholesale markets for the means of production, and economic and technical cooperation centers, set up three wholesale commercial areas in Dongjiao, Xijiao, and Beijiao Districts, newly build a number of high- and medium-grade guesthouses, establish and improve commercial streets, food streets, and hotel streets with their own characteristics in accordance with the functions and needs of the urban divisions, open up tourist areas in Jixian County and Tanggu District, and actively create various conditions for attracting domestic and foreign traders. Meanwhile, we should also strengthen the construction of communications, transportation, scientific and technological, and educational facilities, and lay a good foundation for developing the municipality's "five centers" including communications, trade, banking, information, science, and education.

We should continue to improve the people's livelihood, and achieve "improvements in the eight fields." First, the actual consumption level of the urban and rural residents should show an annual increase of 5 percent in the next 5 years. Second, the urban areas should build 15 million square meters of new residential houses, and the housing conditions should be improved continuously. Third, the gasification projects should be completed so that gas supply for the urban residents will be basically realized. Fourth, a number of thermal power plants should be built, the geothermal energy resources should be tapped and the heating system projects should be completed so that the heating supply rate of the residential housing will reach 40 percent or more.

Fifth, we should increase the production of nonstaple foodstuffs, and guarantee the supply of vegetables, meat, eggs, poultry, and milk. By 1990, the average per-capita supply of aquatic products of the urban residents should reach 16 kg or more. Sixth, we should plant trees and beautify the city, newly build and transform some parks, afforested land, and tourist spots, build a green belt surrounding the urban areas, and raise the urban forest coverage from 9.5 percent to 15 percent. Seventh, we should complete the new construction and expansion projects of five major hospitals, including the No. 1 hospital attached to the Tianjin hospital, and the No. 1 hospital attached to the college of traditional Chinese medicines, improve some specialized hospitals with various characteristics, reinforce the district- and county-level health units, form a three-level health network for disease prevention and treatment, increase the number of hospital beds by 5,000, and improve conditions for health and medicine undertakings. Eighth, we should develop towns in the suburban counties in line with the plan, develop public welfare undertakings in the rural areas, build roads to connect with villages, ensure water supplies to every household, form a network of post and telecommunications, and build supportive service facilities in an effort to remarkably improve the outlook of villages and towns, and make the livelihood of the peasants more convenient.

The objective defined in the "Seventh 5-Year" Plan is grand and the tasks are heavy and arduous, which need the concerted efforts of all the people throughout the municipality to do the following six fields of work well:

1) We Should Firmly Grasp the Readjustment of the Industrial Structure

During the "Seventh 5-Year" Plan period, Tianjin should keep its industrial growth at a certain rate, and lay a good foundation for the second 10 years. The key to achieve this is to form a comparatively rational trade structure and a product structure. To this end, on the one hand, we should conscientiously grasp the construction of newly constructed, and expansion key industrial projects. On the other hand, we should exert efforts to grasp the industrial readjustment work and the construction of industrial basic links.

The guiding ideology for readjusting the industry during the "Seventh 5-Year" Plan period are as follows: We should proceed from developing key trades, fist products and new industries, and take advantage of favorable conditions and avoid weakness in order to make the most of our own advantages. We should carry out an overall strategy to rationalize the structure of the product variety, the technological structure, the energy resources structure, and the marketing structure. We should adopt various measures to develop key technology and capital and labor intensive products and to gradually increase the production of technology intensive products. In line with this guiding ideology, we should take the path of "vacating the birdcage for a new bird" to readjust the industry. That is, we should close, suspend, merge or reorganize the enterprises that score poor economic results, have poor technological level, or fail to find markets for their products, or whose energy and water consumption volume is excessively high; and then use the workshops of these enterprises and concentrate labor forces, funds, energy resources, and materials on developing the products in short supply, the



products with higher technological level, export products, new products, and the products that can create greater economic results, find good markets, or have prospects for development. We should extensively put these products into mass production and upgrade their quality. We should link the industrial readjustment with technological transformation and technological import. The enterprises with the capacity to promote the development of the whole trade should be armed with advanced technology. Through eliminating the barriers between different trades, between different departments, between different regions, between the army and the civilians, between the urban and rural areas, and between different sectors of ownership, we should link the production of major products with that of subsidiary products, and combine the manufacture of main engines with that of component parts. We should strengthen the construction of basic technology, basic materials, and basic component parts in order to closely combine the construction of basic industrial links with industrial readjustment. Through readjustment, we should set up a technologically advanced, economically reasonable industrial structure with strong adaptability and other special characteristics; and establish a group of industrial enterprises focusing on producing key products.

We must carry out the industrial readjustment in a planned and organizational manner since it is extremely complicated and painstaking. We should eliminate the thinking of department ownership, foster an idea of taking the whole situation into consideration, work out an overall plan for the industrial readjustment, and carry out the plan by stages and in groups. Strong leading organs should be organized to study ways for solving the problems in the readjustment, and to work out appropriate policies and measures to ensure a rapid and steady progress of the readjustment work.

## 2) Expand the Economic Exchange With Foreign Countries

Tianjin is one of the coastal open cities in our country. Thus, during the "Seventh 5-Year" Plan period, Tianjin should further implement the policy of opening to the outside world, and strive to expand export and import technology in order to serve the development of the national economy.

Increasing export and the capacity of creating foreign exchange is a prerequisite condition for using more foreign capital and importing more technological items. So we must foster a strategic idea of using foreign capital and imported technology to promote export, making export promote import, linking export with import, and making export volume higher than import volume. We should change the structure of export products in a step-by-step manner; enthusiastically develop expensive durable consumer goods, fine chemical industrial products, high-grade building materials, machines and electronic products as well as develop such export products as traditional light and textile products and farm and sideline products in order to gradually provide the international market with a number of fist products with competitiveness. While reasonably readjusting the export production structure, we should gradually establish and improve the export production system in line with the industrial readjustment by setting up a number of factories and workshops specializing in the production of export products and a number of "trade-industrial-agricultural" export bases. In terms of improving the management of foreign trade, we should adopt various methods and open up

various channels to set up and improve marketing, information, and service networks in foreign countries in a step-by-step manner. While consolidating the original export markets in Hong Kong, Japan, and Southeast Asia, we should further open markets in European countries and the United States. We should vigorously develop tourist trade, contract for undertaking foreign projects, and provide more labor service for foreign countries in order to increase the nontrade foreign exchange earnings.

We should vigorously expand the scope of using foreign exchange and do a better job in importing advanced technology. It is necessary to import technology in a planned manner and to prevent blind actions and duplicated imports. We should combine the work of importing technology with that of transforming the technology of the existing enterprises and of organizing scientific and technological forces to "tackle difficult technical problems," and strive to raise the production and technical levels of the existing enterprises within a short period of time. We should pay attention to importing software, competent personnel, key equipment, and modern management knowledge, and do a good job in conscientiously digesting and absorbing the import technology and creating the new in order to speed up the realization of domesticization. We should use foreign funds through various channels and forms and adopt various methods to establish joint ventures and to carry out cooperative production so as to better absorb the latest foreign technology, to transplant the advanced operational and managerial experiences, to unceasingly expand exports and to raise our capability to create foreign exchange.

The economic and technological development areas should adhere to the principle of giving priority to developing industry and technology-intensive industries, creating foreign exchange through exports, and directly using foreign capital, should speed up the construction rate and ensure the quality of projects so that they will soon become windows for importing technology, knowledge, and management experiences and for studying foreign policies.

### 3) We Should Improve the Infrastructure of the Urban Areas

In order to meet the needs of economic construction, opening to the outside world, and displaying the role of the central cities, during the "Seventh 5-Year" Plan period, we should achieve big progress in developing the infrastructure of the urban areas and greatly enhance the city functions.

We should build the infrastructure of cities in line with the requirements of the urban overall plan. It is necessary to pay attention to the immediate interests as well as long-term interests, work out unified plans, and comprehensively develop all fields. The present construction projects should serve as a foundation for future development and by no means should we create obstacles. Some of the construction projects should serve as the organic components of the overall plan and by no means should they contradict or dislocate with one another. The infrastructure of cities is a complicated system engineering which embraces all fields of work including communications, telecommunications, energy, water supply and drainage, environmental protection, environmental hygiene, services for the people, and people's air defense facilities. We should make overall planning and build a whole range

of support facilities. In the future, while building large industrial projects or expansion projects, renovating the outdated areas, opening up new areas, and developing education, science, culture, sports, public health and other undertakings, we should build a number of related public facilities, and raise the comprehensive functions of the carriers [zai ti 6528 7555]-- the urban areas.

Along with the unceasing expansion of the scope of urban construction, we should further strengthen the management and maintenance of the infrastructure. It is necessary to adhere to the principle that "the people's cities should be built and managed by the people," fully display the role of the functional departments, districts, and neighborhoods such as the planning, urban administration, gardening, environmental protection, environmental hygiene, housing management, and public security units, mobilize the enthusiasm of all social quarters, and realistically manage the urban areas well. We should guarantee the supply of funds and materials needed for maintaining the urban infrastructure, continue to improve and conscientiously implement all rules and regulations for managing the urban areas, ensure the normal operation of the various city infrastructure, display their functions, and extend their service life.

We should strengthen land management work in line with the overall city planning, rationally use the land, and guard against land abuse and land left idle. Meanwhile, in view of the fact that the rivers are loaded with silt and the embankments are out of repair, we should realistically strengthen the flood prevention work.

#### 4) We Should Speed Up the Development of Science, Technology, and Education

Developing scientific and technological undertakings is an important task mentioned in the "Seventh 5-Year" Plan, as well as an important measure for guaranteeing the realization of the "Seventh 5-Year" Plan. We should foster a strategic viewpoint of paying attention to scientific and technological progress, and realistically rely on scientific and technological progress to develop production, construction, circulation, and various economic undertakings.

During the implementation period of the "Seventh 5-Year" Plan," efforts should be made to vigorously develop and popularize the scientific and technical results with good benefits and rapid effects; to concentrate on spreading the major scientific and technical results of saving energy, water, and raw materials, and of improving the function and quality of products and labor conditions; and to earnestly enforce the "spark plan" in order to apply advanced technology to develop planting and breeding undertakings and to arm the township- and town-run enterprises with technology. We should organize various forces to make concerted efforts to overcome technical difficulties and to deal with the major scientific and technical problems cropping up in developing first products, conducting reforms among the outdated enterprises, and in expanding exports and technical imports. Efforts should be made to accelerate the pace of developing and studying the latest technology and to strive to make great progress in the application and production of computers and software, optical fiber digit communications, laser,



biological engineering, new materials, and automatic technique in order to lay a foundation for establishing some newly developed enterprises.

In order to promote the development of scientific and technological undertakings, efforts should be made to further make a success in conducting reforms in scientific and technical systems, to delegate much power to scientific research units, to encourage or support some units that have conditions to be centers in charge of developing technology, to vigorously open technical markets, to develop an advisory service of science and technology, and to carry out technical transfer with compensations. A good job should be done in opening training classes for the existing personnel in order to upgrade the quality of scientific and technical personnel's ranks and to train number of first-class talented personnel for the key enterprises and the newly rising technology throughout the country. Efforts should be made to enhance the building of scientific research bases, to build some centers in charge of metrological service and radiation research, to reinforce or conduct reforms among a number of institutes, and to upgrade the work standard among the units of patent affairs, information, physics and chemistry analysis, metrological service, radiation research, experiments, meteorology, and environment protection. We should enforce and develop various associations between scientific research and production and put together the forces of various fields, such as the central units stationed in Tianjin Municipality, the local academies and institutes, the higher educational institutions, and the military industrial departments, in order to bring into play their strong points in establishing a close tie between scientific research and production and achieving common development. Efforts should be made to actively expand the scientific and technical exchanges with foreign countries and to enhance the technical coordination with fraternal provinces and regions. We should closely integrate social sciences with the actual situation in the program of building the two civilizations and, by applying the viewpoint of Marxist basic theories, better answer and deal with the major theoretical and practical problems cropping up in the program of building socialist modernizations.

During the implementation period of the "Seventh 5-Year" Plan, it is imperative for us to pay attention to educational undertakings as we did for economic construction in order to strive to build our municipality into one of the advanced cities in education. Efforts should be made to enhance elementary education, to further reinforce the leading forces of middle and primary schools, to newly build or expand a number of middle and primary schools, and to actively develop nurseries and kindergartens. We should continuously readjust the educational structure and further develop secondary vocational and technical education in order to enable the number of students attending middle vocational or technical schools in 1990 to surpass that of students attending general senior middle schools. Efforts should be made to continuously readjust the specialized courses and level structure of the higher educational institutions, to enhance the courses in a short or weak situation, and to support the establishment of newly rising and frontier courses. We should further restructure, consolidate, and improve various kinds of higher education for adults and encourage the activities of self-study. Efforts should be made to upgrade educational quality; to earnestly implement the principle of achieving all-round development in morality, intelligence,

physical fitness, and sense of beauty; and to adequately enhance labor education in line with the specific characteristics in order to train more qualified personnel for the program of building the four modernizations. A good job should be done in enhancing the building of teacher's ranks; training new teachers; holding on-job training classes for the existing teachers, particularly for the teachers of middle and primary schools; carrying out television education under the satellite communications network; organizing teachers of middle and primary schools to study the basic knowledge of philosophy, pedagogy, and psychology; and in continuously improving teaching affairs and educational methods. Efforts should be made to deepen the activities of having the society support education and raise funds to operate schools and to foster fine morale of respecting teachers and attaching importance to education in the society as a whole.

##### 5) Deeply Conduct Systematic Reforms

During the implementation period of the "Seventh 5-Year" Plan, efforts should be made to push forward the drive to conduct overall reforms with the work emphasis of urban transformation; and to do a good job in conducting reforms in a coordinated manner in the three fields, such as reinforcing the vigor of enterprises, improving marketing systems, and upgrading the government's function in conducting indirect control over economic activities, in order to ensure the smooth realization of the municipal strategy in economic development.

As a large city where industries are concentrated, Tianjin should grasp firmly the central link of invigorating enterprises, which is the key to the establishment of new economic systems, and the stimulation of economic development. Measures should be adopted continuously in and outside enterprises, in particular large and medium-sized ones, in order to enhance their vigor so that the enthusiasm, initiative, and creativity of enterprises and staff and workers can be developed. We should further simplify administration and delegate power to lower levels, separate the duties and responsibilities of governments from those of enterprises, gradually narrow the scope of mandatory plans, grant enterprises greater autonomy in production, supply, marketing, and in personnel, financial, and material management. We should reduce regulatory taxes or allow exemptions from them in a planned manner, raise the depreciation rate, conscientiously lighten the irrational burden on enterprises, and enhance their ability to renovate and develop themselves. We should improve the various forms of the economic responsibility systems continuously, reform the management, personnel, and distribution systems, and give better play to the advantages and potential of enterprises. On the premise that public ownership is persistently taken as the main part, we should continue to develop various forms of ownership and management, and allow some small state-owned enterprises to be run by collectives or individuals through contracts, leasing, and other measures.

Strengthening lateral economic ties among enterprises is an important component of the economic structural reform, and also an inexorable trend of the development of the socialist commodity economy. As a central city, Tianjin should actively create favorable conditions to facilitate lateral economic ties among enterprises. We should give wide publicity to the important



significance of the lateral ties, carry out policies in support of them, formulate regulations to guarantee them, and see to it that within the municipality, and between the municipality and other areas, associations of enterprises are gradually established in different forms and at various levels in the principles of voluntary participation, and mutual sharing of benefits and risks so as to rationalize the enterprise structure.

Striving to develop the socialist commodity market, and gradually perfecting the market system are an important part of the economic structural reform, and have an important bearing on Tianjin's economic development, and the performance of its functions as a central city. We should adhere to the principle of pooling the efforts of the state, the collective, and the individual, give full play to the leading role of state commercial units, and develop various forms of a new multichannel commercial circulation system. We should eliminate the barriers between different departments and regions, welcome other provinces, municipalities, and autonomous regions to open shops or corporations in Tianjin, and encourage the commercial enterprises of our municipality to promote inter-regional cooperation. We should continue to appropriately reduce the varieties and quantity of the materials allocated under plans, and expand the market of the means of production. We should strengthen the unified leadership and management of the people's bank, give full play to the role of various specialized banks in the movement of funds, gradually establish the capital market, and turn Tianjin into an exchange center where thousands of businessmen gather.

A new socialist macroeconomic management system should be established to change mainly direct into mainly indirect control in economic management. The organizational structure of various economic management departments should be readjusted and reformed so that it can meet the needs in strengthening and improving the macroeconomic control. Reforms in planning, pricing, financial, banking, labor, and wage systems should also be carried out in a coordinated manner in order to establish a complete set of mechanisms and means which can combine, in an organic manner, planning with markets, and microeconomic flexibility with macroeconomic control.

We should successfully carry out the second step of the rural reform in an active and steady manner in line with the principle of "serving the city, and making the peasants affluent" while continuously consolidating and improving the household output-related contract responsibility system.

We should further readjust the rural production setup, never slacken grain production, and vigorously develop diverse undertakings in order to achieve a comprehensive development in farming, forestry, animal husbandry, sideline production, and fisheries, and in agriculture, industry, commerce, transportation, and construction. We should foster the strategic idea of developing the urban and the rural areas simultaneously and coordinatedly, actively explore the new ways for linking urban with rural reforms, do a good job in the commodity circulation between the urban and the rural areas, promote cooperative organizations, strengthen the rural service before, during and after production, and stimulate the development of the rural commodity economy. We should continue to uphold the principle of cities supporting the countryside, and industry supporting agriculture, expedite the

technical transformation of agriculture, and the intellectual development in the rural areas, increase agricultural input, improve the conditions for agricultural production, and give active support and correct guidance to the development of township enterprises. Through the above-mentioned series of reforms, we should realize the specialized, commodity, and modern production of the agricultural economy of our municipality at an early date, and basically establish a rural economic pattern with urban and rural areas closely linking together.

Reform will be carried out in considerably wide spheres and in a considerably deep manner during the "Seventh 5-Year" Plan period. Generally speaking, the reform in this period will still be in the course of ceaselessly making exploration and accumulating experiences. Therefore, we will certainly come across many complicated problems concerning reform in this period. So, we must always be sober-minded, pay attention to investigations and study, and strengthen organizational leadership. We must persist in the orientation for reform, take reliable steps for reform, take one step and look around before taking another, and ensure that the steps for reform be dovetailed to one after another. We should correctly consider what to discard and what to introduce; define the scale, degree, and steps of direct control in a simplified manner; and strengthen the indirect control over various economic activities. In order to ensure a smooth replacement of the old economic system by the new one, we should adopt necessary administrative measures to supplement the economic and legal measures within a certain period of time. We should prudently treat and properly handle the sensitive problems in reform which are related to the interests of the masses. We should be calm and timely discover and correct the problems cropping up in the course of reform so that the people will have a unified thinking to continue making progress.

#### 6) Strengthen Spiritual Civilization

Vigorously strengthening the socialist spiritual civilization in the course of facilitating the material civilization is an important principle for guiding the socialist modernization. We should study and work out a strategic plan for the socialist spiritual civilization in the "Seventh 5-Year" Plan period. The governments and leading cadres at all levels should persistently implement the principle of "grasping two civilizations simultaneously," and make utmost efforts to cultivate persons of the new generation characterized by socialism and to create a new socialist workstyle.

The most fundamental principle for successfully realizing the grand goals set in the "Seventh 5-Year" Plan and promoting the progress of reform is to rely on the enthusiasm and creativeness of the vast number of cadres and the masses. So, we must conscientiously strengthen ideological and political work in order to arouse the people throughout the municipality with enthusiasm and a revolutionary spirit of making progress and keeping forging ahead. In carrying out ideological and political work, we should strengthen self-reform, adopt proper methods suitable to the requirements of the masses to deeply and constantly carry out the four basic principles and the education of "having lofty ideals, moral integrity, education, and a sense of discipline" in order to make more people become laborers with lofty ideals, moral integrity,

education, and a sense of discipline. In accordance with this principle and in line with the actual conditions for carrying out reform and opening to the outside world we should educate and guide the masses to correctly handle the relations between the interests of the individuals and the state, between the interests of the part and the whole, and between immediate interests and long-term interests; and to correctly handle the mistakes and complications possibly cropping up in the course of reform. While vigorously developing commodity production, we should eliminate the idea of putting money above everything else, and persist in the principle of distribution according to work as well as correct the idea of haggling over every ounce and working according to payment. Simultaneously, we should energize the enterprises by expanding their decision-making power, and oppose individualism and selfish departmentalism. In short, we must persist in socialist orientation to achieve the reform work and the work of opening to the outside world and to make the broad masses of the people maintain good spiritual outlook.

Greater progress must be made in sports and the cultural undertakings in the spheres of literature and art, press and publication, and broadcasting and television during the "Seventh 5-Year" Plan period. We must persist in the orientation of serving socialism and the people, correctly handle the relations between social effect and economic results, attach primary importance to social effects, and create more and better spiritual products so as to make contributions to the development of the two civilizations. We must set up a group of cultural facilities in this period, such as libraries, television relaying towers, large gymnasiums, artistic halls, natural museums, and concert halls; rebuild the great theater of the Tianjin Guesthouse and some other theaters; and further improve mass sports facilities in order to ceaselessly enrich the people's cultural lives.

During the "Seventh 5-Year" Plan period, our municipality will face a new birth peak, therefore, we should give first priority to family planning work and persist in grasping it with unremitting efforts. We should promote late marriage and late birth and vigorously promote the practice of giving healthy birth and raising children in a healthy manner. The various relevant departments should exert concerted efforts to resolutely bring the natural population growth rate below 9 per thousand. Meanwhile, we should strictly control the mechanical increase [ji xie zeng zhang 2623 2750 1073 7022] in the urban population.

To realize the "Seventh 5-Year" Plan, we should have a very good social environment. In the process of reform and opening to the outside world, the decadent and moribund feudalistic and capitalist things will seize the opportunities to grow. To this end, we should clarify our understanding, persist in grasping construction on the one hand and grasping the legal system on the other, strictly follow and enforce the law, and punish the law-breakers, and ensure that all the people are equal under the law. We should resolutely deal blows to all serious criminals and economic criminals, ban and check all decadent and evil trends that seriously harm the general mood of society. We should make continued efforts to comprehensively implement all measures for tackling social security problems, conduct education in popularizing legal knowledge, strengthen the sense of the legal system of the cadres and the



masses, pay particular attention to strengthening youth education, and effectively prevent and reduce criminal offenses in order to consolidate the achievements in reform and opening to the outside world and to ensure social stability and the smooth progress in economic construction.

#### Several Suggestions for This Year's Work

This is the first year for implementing the "Seventh 5-Year" Plan and for linking the preceeding tasks with the following ones; therefore, it is a crucial year. This year, we will gradually carry out various tasks and fields of work stipulated in the "Seventh 5-Year" Plan so as to make a good start for the next 5 years, to heighten the people's spirit, and to continuously maintain the enthusiastic and progressive spirit of the people. Only by so doing, can we create a fairly good economic and social environment, ensure the smooth progress in the future reforms, promote a sustained, steady and coordinated development in the national economy, and lay a good and solid foundation for successfully fulfilling the "Seventh 5-Year" Plan.

At present, our municipality's economic and political situations are very good. However, there are still many new and complicated problems lying ahead of us and the prominent ones are the shortages of funds, foreign exchange, and raw materials. In the beginning of this year, the municipal CPC Committee pointed out that there are three possible situations which can appear in this year's economic work: First, the ineffective control of the macroeconomy will create tense situations in all fields and will bring new incoordination in the economic development. Second, equally distributing the limited amount of financial and material resources among all units will make economic construction remain stagnant and sagging. Third, we will try all possible means to overcome difficulties, and reduce all unfavorable factors which may affect the economic construction, take advantage of this opportunity to carry out reforms with strenuous efforts, to grasp management, to lay a good foundation and to keep an upward trend in industrial production and in various fields of work. This year, the focus of our work is to adopt effective measures, to resolutely avoid the first two situations and to ensure the realization of the third situation. The 1986 economic and social development draft plan has been printed and distributed to all deputies. Here, I will give a few suggestions on this year's prominent problems and on the major measures we are going to adopt. Please discuss them.

#### 1) We Should Deeply Carry out Activities on Increasing Production and Reducing Expenditures, and Guarantee the Fulfillment of the Annual Production Plan

This year's industrial production is being carried out under a fairly difficult situation. Thanks to the vigorous efforts of the leaders at all levels and the broad masses of workers, the total industrial output value in the first quarter showed an increase of 2.2 percent over the corresponding period of last year. According to the demand of the annual plan of achieving a 6-percent increase, the tasks for the coming three quarters will still be very arduous. The municipal government is adopting all measures to solve the problems in production in order to ensure the overall fulfillment of the plan.



First, leading persons at various levels should unify their thinking, and enhance their confidence in fulfilling the production tasks. Industry is the main body of our municipality's economy, and industrial production has a bearing on the overall situation. In this year, in particular, when we enforce the fixed-quota revenue system, whether the industrial production is successful or not and whether its economic results are good or not will have a direct bearing on local revenues, on the development of various undertakings, and on the improvement of the people's living standards. For this reason, we should maintain an appropriate growth rate in industrial production with the focus on improving economic results. One-sided pursuit of overheated growth rate is wrong, but economic results cannot possibly be improved without a definite growth rate. At present, some objective difficulties do exist in some plants and enterprises, however, they are inevitable in our exploration of reform. The problem is that we should understand them, adapt ourselves to them, and regard them as an impetus to spur us to improve our work. Judging from the overall situation, our Tianjin's situation is excellent, and the morale of our cadres and people is high. We must never neglect the favorable conditions in various fields just because of the difficulties in certain areas. In the first quarter, faced with similar difficulties and conditions, many trades and enterprises still achieved good results in both production and benefit because they gave play to the role of their subjective initiative. On the contrary, some units failed to promote their production although their conditions were not bad. Therefore, leading cadres at all levels should heighten their spirit, conscientiously shoulder their responsibilities, make sure that all the economic and technical targets are fulfilled in the units provided with sufficient objective conditions, and encourage the units with objective difficulties to press forward in the face of difficulties, and to try their best to promote production and improve economic results. We should increase production at a comparatively quicker pace in the second quarter--a golden season for production--in order to gain the initiative in the production of the whole year.

Second, we should persist in the practice of working on the spot, and conscientiously help grassroots units in solving their practical difficulties. At present, some of the difficulties of grassroots units can be overcome through their own efforts, and others can be solved only with the help of higher levels. Leading persons at all levels, and relevant departments should go down to the grassroots and take the initiative in helping the grassroots eliminate their difficulties and misgivings. They should assist enterprises in solving their problem of a lack of funds, energy resources, and materials. They should do a good job in linking industrial units with commercial or trading units, organize enterprises to increase the production of readily marketable products in short supply in line with market demands, and adopt various flexible measures to promote sales. We should stress the importance of giving prominence to the quality of products, and guide enterprises to improve product quality with great efforts in order to maintain and create more top-quality, brand-name products. We should pay attention to giving play to the functions of imported or innovated technologies, and do a good job in the supplementary work for the 700-odd technical transformation projects which have already been or will soon be completed so that they will reach their designed capacity at an early date.

Third, we should extensively mobilize the masses to launch the activities to increase production and practice frugality. The municipal government and relevant departments are holding forums one after another of managers and plant directors, for workshop chiefs, for engineering, technical, and functional personnel, for work shift supervisors, and for model workers in order to encourage them to suggest measures to counter current problems. All units should publicize among the masses the grand goals of the "Seventh 5-Year" Plan, clearly explain to them the current situation, tasks, favorable conditions, and difficulties, and carry out the activities of "opposing waste, tapping potential, increasing production, and practicing frugality" in a vigorous and conscientious manner. We should organize the masses to suggest ways to rationalize production, carry out technical innovation and cooperation, strive to increase production and reduce energy and raw material consumption, produce more and achieve better economic results through frugality, and create a vivid situation in which the people are trying to catch up with one another, going all out to make progress, and vying for more contributions.

Fourth, we should consolidate and strengthen enterprise management by making a breakthrough in stopping losses of materials and instruments. Although enterprises of our municipality have shown improvement and consolidation their poor product quality and high raw material consumption still constitute a universal problem; in a small number of enterprises, production is still in chaos, discipline lax, waste serious; and losses, theft, and accidents caused by poor production safety occur frequently. At some worksites, in particular, embezzlement has become a common practice, and even carloads of building materials and equipment are carried away. This is an act seriously undermining the socialist construction. The public security departments, in earnestly investigating and dealing with the cases, should strictly punish the robbery elements on the one hand, and find out those who are to blame for the dereliction of duty on the other. As for the enterprises that have been confused in management, repeatedly caused accidents, and have suffered serious losses, efforts should be made to concentrate on consolidating and improving the building of leading bodies, strictly enforcing labor disciplines, and enhancing the work of public security and safety in order to improve the confused situation within the given date. As for the enterprises that have been poor in management and business operation, efforts should be made to establish or improve the regulations and rules, to improve the responsibility systems in the economy, and to upgrade the managerial standard. As for the enterprises that have had a better foundation in management, we should help them to continuously upgrade their standards and gradually achieve modernized management. All the enterprises should pay great attention to production safety, assign full-time personnel to assume the responsibility for safety, and should establish or improve the managerial systems of safety and the regulations and rules on operations in order to plug loopholes and to realistically prevent or curtail the occurrence of various accidents.

## 2) Vigorously Conduct Industrial Readjustment in Order to Have a Good Start This Year

During the implementation period of the "Seventh 5-Year" Plan, the tasks of conducting industrial readjustment are very heavy. Whether we can make a breakthrough in the tasks this year, gain a set of experience in this regard,

and make a good start in the task, has an important significance on fulfilling the readjustment plan as a whole. Over the past few years, we have presented many reasons for carrying out these tasks, and done a great deal of work in industrial readjustment. Generally speaking, we have made progress and scored achievements in the task. However, the step we took and the effect we gained have not been either big enough or ideal. As of now, a large number of enterprises that have spacious workshops, new equipment, plenty of funds, energy resources, and raw materials, have long turned out backward products with poor economic results and dull market sales. Thus, some products that have enjoyed good economic returns and been needed by markets have long been backward in supply because of the restrictive production conditions. There are various reasons why the industrial readjustment is hindered, but the main one is that some comrades still have the idea of turning out a satisfactory variety of products, sticking to old ways, and indulging in departmental selfishness. Therefore, in order to do a good job in conducting industrial readjustment, first of all we should deal with the problems concerning understanding in order to enable everyone in the municipality to fully discern that the work of eliminating backward products through conducting readjustment and of developing first products is not only an important measure for overcoming the current difficulty to push production forward, but also is the project of vital and lasting importance for carrying out the long-term construction of the municipality and bringing into play the role of industrial base. Thus, only by doing so can everyone in the municipality consciously abide by the readjustment program and actively do a good job in conducting industrial readjustment.

We should make a new breakthrough in industrial readjustment this year. In line with the demands set forth by the "Seventh 5-Year" Plan, efforts should be made to immediately conduct readjustment among the industries, trades, and products that have been determined to be necessary, such as motor vehicles, bicycles, watches, elevators, electric cables, duplicators, refrigerators, and motorcycles, in order to realistically upgrade the quality, quantity, and standards of these products. Our target is to score initial achievements in this regard this year, to score marked achievements next year, and to enjoy the benefit scored in this regard at a later stage of the implementation period of the "Seventh 5-Year" Plan. The municipal People's Government is gradually studying the problems concerning workshops, equipment, funds, and personnel who are needed by the program of developing these products. The departments in charge of comprehensive work and the bureaus concerned must make concerted efforts to vigorously implement the task and to ensure the fulfillment of the task thoroughly.

What we should point out here is that, in the course of industrial readjustment as a whole, it is imperative for us to regard as an important principle the work of making full use of the existing workshops and building fewer projects of indigenous construction style, and to strictly examine or approve the large number of projects of such construction style.

3) Realistically Improve the Measures Enforced in Conducting Reforms in Order To Achieve More Results in the Drive To Conduct Reforms



In 1985 we took a greater step in conducting reforms in economic systems, scored marked achievements, and also experienced some new problems in this regard, such as the inevitable imperfection caused by the exploration program of pioneering the road of advance, the inevitable inadequacy caused by the drive to conduct reforms which has been adopted as readjustment among the production relationships, and the inevitable discord caused by the drive to conduct reforms which has actually been a complicated project for social systems. Therefore, in line with the demands set forth by the State Council, the drive to conduct reforms this year is chiefly to successfully conduct the work of consolidation, digestion, supplement, and improvement, and to make good preparations for taking a greater step in the transformation drive. This is a more complicated and heavy task toward which we are required to adopt a careful attitude, and required to be carried out in a down-to-earth manner.

Supplementing and perfecting reform involves the work in three fields. First, we should further enliven key large and medium-sized enterprises. The Municipal CPC Committee and government have organized forces to conduct investigation especially among large and medium-sized enterprises. Through the investigation, we will understand the situation, sum up experiences, study problems, carry out the work of enlivening these enterprises on a trial basis, and give specifically to help them implement the municipality's 56 regulations concerning expanding decision-making power of the enterprises. Second, we should conscientiously carry out various kinds of economic responsibility systems in line with the improvement of wage reform. In line with the regulations of the State Council, the enterprises should use as funds for reward the portion of money that is retained as production cost after wage reform, and make the most of it. In accordance with the principle of distribution according to work, the enterprises should give awards to industrious and excellent workers and punish lazy workers and those who fail to do their job well, so as to fully mobilize the enthusiasm of the staff members and workers. The organs, institutions and establishments should take charge of solving the prominent problems left over by the wage reform. Third, we should enthusiastically explore new ways for coordinating the urban reform with the rural reform, and for enlivening circulation; further work out policies, and study ways of coordinating the urban reform with the rural reform; such as industrial-commercial, agricultural-commercial, and agricultural-industrial-commercial enterprises; and strive to gradually form a circulation network linking the urban areas with rural ones.

While supplementing and improving reform, we should pay full attention to the ideological work. Along with the profound development of reform and production, visible material interests should be created for the people. However, it is impossible for each measure for reform to certainly bring notable economic results to each and every member of society, and we must not require it either. So, through conducting the ideological work in a painstaking manner, we should educate cadres and the masses to correctly treat reform, to conscientiously grasp both immediate and far-reaching interests, and to make immediate interests subordinate to the far-reaching ones. Simultaneously, we should guide the departments and enterprises to conscientiously foster an idea of taking the whole situation into consideration, to link the interests of the part with those of the whole, and to make the interests of the part subordinate to those of the whole.



#### 4) Strengthen and Improve Macroeconomic Control and Give Flexibility to Microeconomy Under the Situation of Properly Strengthening the Management of Macroeconomy

Thanks to conscientiously implementing the spirit of strengthening macroeconomic control, last year we successfully ensured the demands for production and construction on the premise of not surpassing the state assigned targets for investing in fixed assets, of using credit funds and consumption funds, and of using foreign exchange for import. These achievements were notable and these experiences were valuable. Practices have shown that we must improve macroeconomic control in order to strengthen it. Only when the macroeconomic control is improved can it be strengthened. With so many difficulties in economic construction to solve, this year we must further achieve the work of strengthening and improving macroeconomic control, and make the microeconomy maintain vitality and work around the sound path in which it is properly managed by the macroeconomy.

The key to strengthening and improving macroeconomic management is to strictly control the scale of investment in fixed assets and to rationally readjust the investment structure. In accordance with the demands of the state, we should control the scale of the investment in capital construction to the level of last year. Simultaneously, we should expand the proportion of the investment in production facilities and infrastructure, and reduce the nonproductive investment. Priority should be given to key projects while reducing the construction of general projects. We should arrange funds and materials first for key products. The materials and funds for a project should be defined once and for all. Designing and construction units should practice economy, oppose waste, strengthen management, ensure good construction quality, shorten construction periods, and make efforts to upgrade the returns of the investment.

A prominent issue in strengthening and improving the macroeconomic management is to do a good job in the movement of funds. We should do a good job in the movement of capital among banking departments, and between banking departments and financial departments, organize well the lateral movement of credit funds, and develop direct movement of funds among enterprises in a well-guided manner. Banks and postal departments should actively organize and increase savings deposits. Banking, and foreign trade departments should assist enterprises to make the best use of foreign funds. When issuing loans to serve as circulating funds, we should properly relax restrictions in line with different situations, and give priority to the development of readily marketable commodities, and the commodities to be exported to earn foreign exchange. All enterprises should economize on the use of funds, and fully tap their potential to manage their funds well and use them in a flexible way. In particular, they should accelerate the turnover of circulating funds by reducing stockpiled goods, and reserve materials.

We should continue to monitor funds, institutional purchases, and administrative spendings, and never allow them to exceed the state quotas.

5) We Should Strengthen the Cooperation Between Industrial and Foreign Trade Departments, and Strive to Overfulfill the Task of Earning Foreign Exchange Through Export

This year the state has assigned Tianjin Harbor the task of an export volume of \$1.116 billion. Although the first quarter exports showed a 4.2-percent increase over those of the corresponding period of last year, they amounted to only 20.9 percent of the annual quota. Therefore, there are still many difficulties and problems in our endeavor to fulfill the foreign exchange earning task. Both industrial and foreign trade departments, and all quarters concerned should exert concerted efforts, cooperate closely, and step up their work.

The first task is to successfully organize the production of export goods, and strive to increase goods supply. We should try all possible means to provide necessary conditions, such as funds, electricity, and raw materials, to the production of export goods in order to improve its quality, increase its quantity, and guarantee the scheduled realization of the purchasing and marketing contracts. Policies to encourage exports should be implemented in line with the guidelines of the State Council regulations in order for the enterprises, and staff members and workers who can earn more foreign exchange through export to gain benefit, and to gain more initiative in fulfilling their export tasks. We should readjust product mix and carry out technical transformation to greatly develop the traditional products demanded by the international market, and to develop a number of high-grade new products which can yield better returns. We should help industrial departments to understand the international market, provide them with necessary information, and help them in overcoming the difficulties in dealing with foreign countries.

In the meantime, we should do a good job in the purchase and marketing of export goods. This year, goods worth 4.05 billion yuan should be purchased for exports, of which 1.35 billion yuan of goods will come from outside the municipality. We should strengthen lateral economic ties with other provinces, municipalities, and autonomous regions, provide various services, conveniences, and preferential methods for them to expand exports, and strive to obtain more supply of goods for export from other areas. We should exert our utmost efforts to organize exports, and business with foreign countries, strengthen the forecast of and the sales activities at the international market, consolidate the old market, and open up a new one. All the comrades in charge of foreign economic relations and trade should arouse their spirit, continue to improve management, raise their professional competence, and make new contributions to our municipality's foreign economic relations and trade.

In our efforts to expand exports and earn more foreign exchange, we should also pay attention to using foreign exchange in an economical way, and make still better use of our limited foreign exchange by using it where it is urgently needed.

6) We Should Pay Close Attention to Economizing on Electricity, and Successfully Use Our Limited Electricity

An acute shortage of electricity is a conspicuous problem we are facing this year, which restricts the development of production to a great extent, and has a serious impact on the people's lives, and to which great attention should be paid. The fundamental way to alleviate power shortage is to build more powerplants. Therefore, the municipal government has decided to accelerate the expansion of the Junliangcheng Powerplant in order to make it generate power as soon as possible. However, "distant water cannot quench present thirst," and therefore, the most effective way to alleviate the current power shortage is to strengthen management, and make great efforts to use electricity in a planned and economical way. At present, we are seriously short of electric power on the one hand and greatly wasting it on the other. We have great potential for saving electricity. We should mobilize the people throughout the municipality to exert the same efforts to save electricity as they do in saving water. All units and enterprises should use electricity in a planned manner, contract the energy-saving tasks and responsibility to each and every household and person, and change the situation in which there are no quotas for using electricity or for saving electricity. We should give priority to supplying electricity to enterprises that yield good economic results and limiting power that yields poor benefits. Enterprises with their own power plants should implement the reward and punishment system, use the electricity they have generated, commend those units which generate more electricity, and cancel the power supply quotas of those units **that are capable of generating electricity but refuse to do so.** We should practice the system of "imposing a label" on those "electric power departments which have a warlord workstyle" shut down and stop the operation of those that yield very poor economic results, amalgamate them with other enterprises or switch them to manufacturing other products. It is necessary to strengthen management over power supply lines, ensure the power supply quotas but not the power demands of plants, to fix the power supply quotas but not to install new power lines for them. Different prices will be set for those units that use electricity during the "peak and low periods." Higher prices will be set for those units using electricity during the low period. Those units which practice economy in using electricity should be commended and those which use electricity above the plan should be punished. Those which use electricity in a wasteful manner should be restricted in using electricity. Their rights of using electricity will be directly cancelled and their administrative responsibility will be pursued. It is strictly forbidden to use all kinds of operations that greatly consumes electricity. We should strive to ensure power supply for the people's daily needs but they should also economize on power consumption. The power supply and management units should conscientiously implement the relevant stipulations of the municipal government, improve their workstyle, and render better services.

7) We Should Basically Stabilize Commodity Prices, and Do a Better Job in Urban and Rural Market Supply

Last year, after adjusting the prices of nonstaple foodstuffs, market supplies were abundant, commodities were fairly stable and the market situation was good in general. However, market problems involve production, consumption, and other problems are that we are opening the municipality to the outside, vitalizing the economy, and basically stabilizing the



commodity prices. The market and price problems have a direct bearing on the people's livelihood and social security, therefore, we should consider them as a major matter and should grasp them firmly and well.

Stabilizing commodity prices is for the benefit of all the people and its success relies on the efforts of all. Each and every department and all comrades should proceed from the overall situation and contribute to stabilizing commodity prices. Although all the people are complaining about the situation of arbitrary price increases, many departments and enterprises are still trying to raise the prices of their products. This is the current prominent contradiction in stabilizing prices. The municipal government has decided that all departments and units should not wantonly raise the prices of products that are carrying state fixed price tags or to raise the prices covertly without the approval of the government. Such a decision should be made a rule. The state commercial units should fully display their dominant role, actively participate in market regulation, and ensure continuous supply and stable prices during both the off and dull seasons. The pricing departments should realistically strengthen supervision and checkups, and strictly punish those that wantonly raise prices. The industrial and commercial administrative departments should strengthen market management and resolutely ban all illegal businesses that may disrupt the market. The public security departments should coordinate with one another, and resolutely punish in accordance with the law those persons who have engaged in profiteering, cheating, and dominating the market and who have acted against the law.

We should ensure urban and rural market supplies. In the beginning of this year, the municipal government adopted a series of measures to arrange for the production of meat, eggs, fish, vegetables, and other nonstaple foodstuffs. It has established lean-meat hogs producing bases, continued to increase the supply of lean meat and to implement the policy of encouraging the raising of chickens, and ensured the supply of poultry and eggs. We should vigorously develop fish production. This year, the average per-capita supply of fresh fish should be 13 kg. We should ensure the vegetable cultivation acreage and the market supply, and purchase vegetables according to contracts signed between peasants and commercial units so that they will jointly guarantee vegetable supplies. The industrial and commercial units should arrange industrial goods for daily use for the market and organize the production and business of small commodities. The production of briquets and heating equipment for winter should be arranged ahead of time and the supply methods should be improved. We should vigorously enliven catering, service, repair, and clothing industries, implement the preferential and supportive policies, increase the number of business units, improve facilities, extend business hours, and improve service attitude so that the situation in which the citizens find it "difficult to buy breakfast, to take a bath, to have their hair cut, to find a tailor, and to make repairs" will be changed remarkably.

#### 8) Persistently Do Solid Things for the People and Continue to Improve the Livelihood of the Masses

Over the past few years, we have scored good results in doing a bunch of solid things for the people's every year. After summing up the experiences gained

in the past few years, we know that we should grasp the following few principles with regard to doing solid things for the people. We should do the things that can bring benefits to the majority of the people, the things most urgently demanded by the masses, the things with far-reaching functions, the things that may promote the development of spiritual civilization, and the things we can do. In accordance with these principles, the municipal government has defined 20 solid things for improving the livelihood of both urban and rural people this year. These 20 solid things have been made public and are in progress at present.

The solid things for 1986 have such notable characteristics as follows: First, grasp the improvement of the people's livelihood as well as promote the production development. For instance, this year, we must complete the eastern section of the central ring road to ensure that the central ring road will open to traffic. The completion of the central ring road will not only help shorten the time people spend on their way to and from the working units, but also bring convenience in transportation to the industrial areas along the road. Upon the completion of this road, the transportation funds will be reduced and transportation efficiency will be upgraded. This year, we must complete the civil gasification project. Upon the completion of this project, gas will be supplied to the majority of the households. This not only will give convenience to the people's livelihood, but also may help save energy resources, reduce pollution and upgrade the functions of urban areas. Second, we should solve the most urgent problems in the people's livelihood. In solving these problems, we must pay attention to the work of "making perfect still more perfect" and "providing timely help." For instance, the rural areas should attach primary importance to the work of enthusiastically supporting the poor to help them extricate themselves from poverty. We should mobilize the forces from all fronts throughout the municipality to help the poverty-stricken areas open channels for making money and to help improve the people's livelihood. Simultaneously, the urban areas should attach importance to helping the household problems. All housing construction units should carry out the method of [?] the households in the order of [?] give priority to solving the housing problems for the households with most difficulties. Third, we should pay attention to the construction of cultural and educational, and public health facilities. Of the 20 solid things for 1986, 5 are related to the development of educational, scientific, cultural, and public health undertakings. This year, we should build and expand 3 institutions of higher learning and 20 primary schools; extensively reconstruct 18 primary and middle schoolhouses; prepare to construct educational and scientific research institutions; build a large library; prepare to construct educational, scientific, and cultural commercial streets; and build and expand 4 municipal-level hospitals and 3 district-level hospitals. We should build schoolhouses and teaching laboratories covering 80,000 square meters of floor space in the rural areas, and rebuild the dangerous and shabby schoolhouses covering 80,000 square meters of floor space in remote mountainous areas.

The tasks for fulfilling the 20 solid things for improving the people's livelihood are comparatively heavy. There are many difficulties in it. The municipal government called on all units to strengthen leadership over the work and to make concerted efforts to achieve actual results in these solid things. We must practice economy to do these things industriously and thriftily; set strict demands on the work in order to ensure the quality of the work; conduct the construction work in a civilized way and strive to create no or less disturbance to the people; and constantly stress actual efficiency in order to bring real benefits to the people. The municipal government also called on all units and departments to make arrangements for doing several solid things to solve the people's prominent problems this year in line with the basic principle of doing solid things for the people and in accordance with their actual conditions, then to make these things public, and to conscientiously organize forces to carry them out.

9) The Working Personnel of the Governments Should Play an Exemplary Role in Realizing a Notable Turn for the Better in Social Conduct

The central authorities have required that the large and medium-sized cities throughout the country should realize a notable turn for the better in social conduct this year. Tianjin needs to make great efforts to attain this goal.

Leading organs and leading cadres should take the lead in fostering fine social conduct. All working personnel of the governments should comprehensively implement Comrade Hu Yaobang's call on leading organs for consolidating party style, and should play an exemplary role in upgrading working efficiency, studying hard, strictly enforcing discipline, and strengthening party spirit. Simultaneously, they should persist in doing official work honestly, work selflessly for the public interests, abide by the law and discipline, eliminate bureaucratism and various unhealthy practices, do their job well, render better service to the grassroots units and the people, work hard to promote the development of production and the work in all fields, and to take the lead in realizing a notable turn for the better in social conduct.

Lofty professional morality and professional style and features represent an important manifestation of fine social morale. In conducting education on "four have," various industries and trades should enhance the education on professional morality in order to enable every staff member and worker to ardently cherish their industry and job. Efforts should be made to earnestly implement the pledge of "several should nots" and "several not allows," which was formulated by every industry and trade early this year, in order to enable some people to correct their malpractices of indulging in back-door deals, establishing a relationship only with leading personnel, and seeking personal gains by taking advantage of their positions. In particular, the commerce, service, public utilities, tourism, medical, public health, and public communications industries and trades, which are closely connected with the masses, should stress professional morality, foster professional standards, and ardently serve the people.



Abiding by public morality and safeguarding public order represent a prominent sign of fine social morale. Generally speaking, the social morale in the municipality has been fine. However, there are still some backward aspects in this regard, such as the frequent occurrence of the phenomena of immorality, savagery, disorder, and being unsanitary. We should continuously and earnestly implement the "citizens' regulations"; and deeply carry out the activities of "fostering new practices, stressing sanitation, and building Tianjin into a civilized city" in order to enable army men and civilians to mutually build spiritual civilization and to foster fine morality and morale in the society as a whole. We should also enhance the work of consolidating public security in a comprehensive way and do a good job in safeguarding public order, particularly maintaining the public order of public places and downtowns, such as business districts, cultural halls, sports arenas, railway and bus stations, and port areas. We hope that the people throughout the municipality set an example now with concrete deeds in order to truly achieve an obvious turn for the better in social morale this year.

10) Uphold the Principle of Taking Economic Construction as a Main Task and Making Overall Arrangements for Work

Our municipality's tasks in 1986 for building the two civilizations are quite heavy. Therefore, we must make overall plans for the task, take all factors into consideration, and make reasonable arrangements for it. Efforts should be made to not only earnestly fulfill the tasks in order to ensure that the work will not be carried out perfunctorily, but also to uphold the principle of taking economic construction as a center and ensuring the fulfillment of the key tasks. In making arrangements for various work including those for building spiritual civilization, we should make our tasks conform to and serve the party's general line and task in order to prevent the phenomenon of attending to one thing and ignoring another, which can be caused by inadequate arrangements and would influence the leading forces in grasping economic work. Conducting the current work of correcting the malpractices and dealing blows to economic crimes in line with the central arrangements has an important significance in ensuring the progress in the drive to conduct reforms, in the enforcement of the open policy to the outside, and in the program of building the four modernizations. We should earnestly grasp the work and bring about results to the work in a down-to-earth manner. Correcting the malpractices is aimed at better ensuring and promoting economic construction, which requires us to enhance organizational leadership and to successfully deal with the relationship between correction and construction. In correcting the malpractices and dealing blows to economic crimes, efforts should be made to concentrate on grasping major or serious cases and to refrain from letting cases be dealt with perfunctorily and indifferently. As for the cases exposed by the masses, efforts should be made to earnestly investigate and deal with them and to adopt a careful attitude toward the methods of dealing with these cases, such as refraining from spreading the case material at will before obtaining actual evidence and from dealing with the case rashly. Efforts should be made to strictly deal with those who have committed malpractices and violated the law and discipline by taking advantage of conducting reforms and enforcing the open policy. As for the pure flexible and expedient practices cropping up in the drive to pioneer the road of advance and create something

new, we should earnestly analyze them and refrain from regarding all of them as malpractices. We should allow, as usual, the process of normal economic activities, such as commodity sales, material purchasing, technical transfer, and exchanging activity with foreign countries. Efforts should be made to earnestly implement the central provisions concerned and to formulate some practical regulations in line with the local actual situation, particularly with the reality created in the drive to conduct reforms and enforce the open policy, in order to enable everyone in the municipality to have rules to follow and the criterion for distinguishing between right and wrong. All in all, while correcting the malpractices, efforts should be made to enable the programs of economic construction, systematic reforms, and open policy enforcement to achieve vital development along a healthy road.

Fellow deputies, the "Seventh 5-Year" Plan has unfurled a promising future full of hope before us and also entrusted us with a higher work demand. During the implementation period of the "Sixth 5-Year" Plan, workers, peasants, intellectuals, the PLA commanders and fighters, public security cadres and policemen, various democratic parties, the mass organizations, and the patriotic personages of various circles, created a new vital situation by following the central guiding orientation, uniting as one, doing pioneering work arduously, breaking through brambles and thorns, pressing forward in the face of difficulties, and displaying their indomitable revolutionary will and high political enthusiasm. During the implementation period of the "Seventh 5-Year" Plan, we should also follow such spirit to create another splendid future and to scale heights in the program of building the two civilizations. Under the party's leadership, let us earnestly study and implement the spirit of the Fourth Session of the Sixth NPC, unite as one, enhance our vigor, carry forward the spirit of the foolish old man removing the mountain, and boldly make progress in fulfilling the grand target of the "Seventh 5-Year" Plan and building Tianjin into a new beautiful socialist modern city with prosperous business and developed civilizations.

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## PROVINCIAL AFFAIRS

### JIANGSU GOVERNOR DELIVERS PLAN REPORT

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[Report on Jiangsu Province's Seventh 5-Year Plan at the Fourth Session of the Sixth Jiangsu Provincial People's Congress on 22 April 1986 by Governor Gu Xiulian]

[Text] Fellow deputies:

On behalf of the Jiangsu Provincial People's Government, I now make a report on the draft Seventh 5-Year Plan for our province's national economic and social development for your deliberation.

This report is divided into three parts: First, the implementation of the Sixth 5-Year Plan which is the basis for the formulation of the Seventh 5-Year Plan, and then the objectives and tasks during the Seventh 5-Year Plan period, and the main tasks for 1986.

#### I. The Implementation of the Sixth 5-Year Plan

Under the leadership of the Party Central Committee, the State Council, and the Jiangsu Provincial CPC Committee, the people of the whole province in the past 5 years implemented the principle of adjustment, reform, consolidation, and improvement, and the policy of stimulating the domestic economy and opening to the outside world and, through common efforts, pre- and over-fulfilled the major targets of the Sixth 5-Year Plan. We have achieved still better political stabilization and unity, a gradual improvement in the social atmosphere, and sustained, steady, and harmonious development of the national economy. As in the case of the whole country, our political and economic situation represents one of the best historical periods since the founding of our country.

1. During the Sixth 5-Year Plan, Jiangsu's economy featured a sustained tendency for vigorous development. We achieved better results than we had expected. Profound changes have taken place in the economic and social outlook as a whole.

The national economy maintained sustained growth. The total product of society increased from 70.3 billion yuan in 1980 to 147.5 billion in 1985, increasing an average of 10.5 percent annually, based on constant prices.



The gross industrial and agricultural output value increased from 62.3 billion to 126.9 billion yuan, increasing in average 15.3 percent each year. The gross national product increased from 32.2 billion to 67.2 billion yuan, an average increase of 15.9 percent per year. The national income increased from 27.3 billion to 58 billion yuan, an annual average increase of 15.3 percent. The total product of society, the gross industrial and agricultural output value, the gross national product, and the national income all increased at a rate higher than in other 5-year plan periods. These 4 indexes all doubled in the past 5 years.

The rural economy upsurged as a whole. Our province's total rural society product increased from 27.4 billion yuan in 1980 to 77 billion in 1985, up 280 percent and averaging 23 percent annually. Of this, the output value of industry, the building industry, transportation, and commerce accounted for 62.5 percent of the total product of rural society in 1985, compared with 49 percent in 1980. Some 5.6 million of the rural labor force, or 25 percent of the total labor force in the countryside, shifted from farming to working in town and township enterprises. The commodity marketability rate of agriculture, sideline occupation, and industry increased from 50 percent to over 70 percent. These major changes testify that our rural economy has developed to a new level. The upsurge in the rural economy as a whole in our province was realized under the condition that agriculture was steadily growing. Compared with the Fifth 5-Year Plan, the Sixth 5-Year Plan's average yearly grain output increased from 23.14 million to 29.81 million metric tons; that of cotton from 444,000 to 589,000 metric tons, and that of oil-bearing crops from 321,000 to 819,000 metric tons. Our province has a large population, but limited acreage of cultivated land. Even as the population was yearly increasing, the acreage of cultivated land was yearly decreasing, and the structure of agricultural production began to undergo adjustment, the average per-capita consumption of grain surpassed the 1,000-jin mark in the 2 consecutive years since 1984. The forestry, animal husbandry, sideline occupation, and fishery all developed comparatively fast. The rapid development of town and township industry proved to be decisive to the upsurge of the rural economy as a whole. In 1985, the output value of town and township industry was 38.3 billion yuan, up 350 percent from that of 1980, and accounting for 30 percent of the total industrial and agricultural output value of the whole province; its export commodities earned U.S. \$300 million foreign exchange, or 20 percent of the whole province's earnings; it handed in 1.7 billion yuan taxes, 19 percent of the province's revenue; it turned in nearly 700 million yuan profits to the town and township level, supporting the development of agricultural, cultural, educational, and public health undertakings and the construction of small towns; and it paid nearly 4 billion yuan in wages, i.e., an increase of 80 yuan for each peasant.

Development of industrial production has accelerated. The province's total industrial output value increased from 43.1 billion yuan in 1980 to 86.4 billion in 1985 (not including the output value of industrial enterprises at and below village level). The average annual growth rate was 14.9 percent, but the actual growth was at an accelerated rate. During this period, our province persisted in vigorous development of the production of consumer products. As a result, market commodity supply was no longer as short as before. The production of the three old commodities--bicycles, sewing machines and

wristwatches--increased by a large margin. The production of the three new commodities increased rapidly. The annual output of household refrigerators rose from 4,570 to 148,700 units, that of household washing machines from 7,740 to 750,000 and that of electric fans from 1.64 million to 4.64 million. In this period, our province improved its energy and raw materials industries and broadened the heavy industry service area. The annual output of coal increased from 18.15 million to 21.94 million metric tons, that of electricity from 16 billion to 23.4 billion kilowatt-hours, that of rolled steel from 1.05 million to 1.45 million metric tons, and that of cement from 6.29 million to 11.17 million metric tons. This period also witnessed the development of newly-emerging industries with greater efforts. More than 1,500 applications for use of computers were developed. Fairly fast development was achieved in the fodder and packaging industries. Some machinery and light industry products began reaching world standards. The products showed some quality improvements. In 1985, 73 of the province's products won either a gold or silver prize from the state. Energy consumption per 10,000 yuan output value dropped year after year. The overall economic result of the industry were also fairly good. For industrial enterprises which are fully independent accounting units, the rate of profit and tax payments delivered to the state for every 100 yuan invested was 29.9 percent. The per capita productivity of the workers of enterprises of ownership by the whole people was 18,840 yuan.

Construction of key projects has been stepped up. In this period, the province as a whole completed a total of 26.8 billion yuan investments in fixed assets. Of these, 59 were large and medium-sized projects built according to the state plan. These include the Yangzi Ethylene Plant, Yizhen Large Chemical Fiber Plant, Lianbi Power Plant in Zhenjiang, Xuzhou Power Plant, Lianyungang Harbor, the Nanjing-Hangzhou Section of the Great Canal, and seven other key projects. This was the period seeing the largest number of large and medium-sized projects commenced in our province by the state. Technical renovation was clearly accelerated. Among the investments made in fixed assets in the enterprises of the whole people, the ratio of investments in equipment renewal and plant renovations rose from 17.4 percent in 1980 to 34.3 percent in 1985. Capital construction and technical renovations resulted in an increase in the province's production capacity. The 5-year total of actual increases in fixed assets was worth 10.8 billion yuan. The increase mainly included an annual output capacity increase of 856,000 kilowatt in installed power generation capacity, of coal mining of 1.066 million metric tons, of 120,000 metric tons of short polyester fiber, and the completion of nine 10,000-metric ton class berths.

Trade with other parts of the country and foreign countries continued to grow. The retailed total of social commodities in the province increased from 15.4 billion yuan in 1980 to 30.7 billion yuan in 1985, averaging a 14.9 percent growth a year. The market in town and country had brisk transactions. The shortage of some commodities was greatly alleviated. In this period, foreign trade continually expanded. The export total jumped from U.S. \$850 million to U.S. \$1.56 billion at an average growth rate of 12.9 percent a year. The 5-year total of exports was worth U.S. \$6.71 billion, an increase of 1.8 times compared with the Fifth 5-Year Plan. Some export commodities accounted for a

fairly larger portion of the nation's total. Rice accounted for one-third, cotton and frozen pork one-fourth each, cotton garments and filature silk one-fifth each, and there were altogether 40 varieties of commodities accounting for one-tenth or more of the nation's total exports. Our province has established trade ties with over 130 countries and regions throughout the world. We also registered a fairly fast increase in nontrade earnings, including foreign construction projects, labor cooperation ventures and tourism.

Social and economic benefits were raised markedly. The province's per capita income increased by 103 percent, from 461 yuan in 1980 to 937 yuan in 1985, while the actual increase of people's income per 100 yuan of accumulation went up by more than two-fold from 20 yuan to 68 yuan. Social labor productivity registered an 81.6 percent increase, from 998 yuan to 1,806 yuan. Financial revenues rose from 6.24 billion yuan to 8.78 billion yuan, an increase of 40.6 percent. Financial revenues of 11 counties exceeded 100 million yuan. Among them, four counties (cities), namely Wuxi, Changshu, Jiangyin, and Wujin, topped 200 million yuan. Displaying the spirit of self-reliance and working hard, 13 counties in the northern Huai He area which had received financial subsidies continuously increased local financial revenues and built up their financial strength by launching economic cooperation with fraternal cities and counties in southern Jiangsu and by developing the economy.

Scientific, educational, and cultural establishments advanced continuously. Operating expenses for scientific, educational, cultural, public health, and physical cultural establishments financed from provincial financial resources rose from 679 million yuan in 1980 to over 1.47 billion yuan in 1985, representing an average annual increase of 16.7 percent and exceeding the average annual increase of 7 percent for total expenditures during the same period. Local governments at various levels also increased their expenditures and raised funds through various channels to improve buildings and teaching facilities of primary and middle schools. Notable progress was achieved in applying science and technology to economic development. Of the 9,500 scientific and technological projects completed during the 5 years, including those related to the exploitation and utilization of Huang He and Huai He, the comprehensive control of Hai Lu, comprehensive surveys and planning of beaches, and double pulse hologram photography, some reached domestic advanced levels and others approached or reached the world's advanced level. Advances were made in the study of social sciences, focused on strategies for economic development and structural reform. Educational establishments developed at a fairly fast pace. The Sixth 5-Year Plan's demand to make primary education universal in the province was basically fulfilled, and fruitful results were achieved in restructuring the unitary secondary educational system, as evident from the drop in the ratio between enrolment of regular senior middle schools and that of vocational and technical schools from 5.6 to 1 to 1.9 to 1. Schools of higher learning further expanded, with enrolment of full-time students at universities and colleges rising from 84,000 in 1980 to 119,000 in 1985; they trained a total of 109,000 graduates during the 5 years, topping the Fifth 5-Year Plan target by 160 percent. Enrolment at radio and TV universities and workers' universities was equivalent to 80.4 percent of that at



regular universities and colleges. Progress was also achieved in literature and art, press and publications, radio, cinema, television, public health, and physical culture.

The people's living standards improved markedly. The average wage of the province's urban workers went up from 667 yuan in 1980 to 1,037 yuan in 1985; after adjustment for price rises, the annual increase was 5.9 percent. Per capita net income of peasants rose from 218 yuan to 493 yuan; after allowing for price rises, the annual increase was 14.3 percent. Urban and rural savings deposits increased at a relatively fast pace, with a total of 9.93 billion yuan in savings deposits at the end of 1985, an increase of more than three-fold as compared with 1980. During the period, the living conditions of most urban and rural residents improved. A total of 25.99 million square meters of living quarters were built in the cities, and over 300 million square meters of housing was built with private funds in rural areas, both all-time-high figures. The daily water and natural gas supply capacity, the number of public transportation vehicles, and the road mileage in cities increased. Construction of small towns proceeded smoothly. Achievements were made in controlling and preventing environmental pollution in urban and rural areas, and more trees were planted in cities. The improvement of the people's living standards were the results of economic development, readjustment of the investment structure, and implementation of the policy of allowing some people to become better off first. Although a handful of people still face difficulties in their everyday life, the marked improvement of living standards of the majority of people during such a short period was something we could not imagine in the past. The improvement of the people's livelihood was closely related to the province's work in family planning. At the end of 1985, the province's population was some 800,000 less than the number targeted in the Sixth 5-Year Plan.

The PLA units stationed in Jiangsu performed meritorious service in supporting the local people's construction and joining them in building socialist spiritual civilizations, thereby bringing closer relations between the army and the government and between army men and civilians. Public security, procuratorial, and people's armed forces departments dealt severe blows at serious economic crime and criminal offenses, thereby safeguarding public order and ensuring the smooth progress of reform and construction. In foreign affairs, advances were made in enhancing friendship; developing economic, technological, and cultural exchange and cooperation; and promoting friendly ties with provinces and cities of other countries. Patriotic personages from the overseas, minority nationalities, religious, and other circles also contributed their share to the modernization drive and the reunification of the motherland.

2. During the Sixth 5-Year Plan, the broad masses of cadres and people in Jiangsu strived to creatively carry out the party's principles and policies in the light of reality in the province, and they accumulated some preliminary experience.

Persist in shifting the emphasis of work. The broad masses of cadres and people in Jiangsu have firmly and promptly implemented the strategic policy decision on shifting the focus of work to socialist modernization since it was put forth by the 3d Plenary Session of the 11th CPC Central Committee.

Conscientiously eliminating the influence of "leftist" ideas and the erroneous theory and practice of "taking class struggle as the key," the people throughout the province laid a sound ideological foundation for shifting the focus of the work. Since the beginning of the Sixth 5-Year Plan, leaders have really concentrated their efforts on economic construction, and have paid close attention to reducing the scale of capital construction to ensure key construction projects. They have been speeding up the development of agriculture and light industry, and readjusting the orientation of heavy industry, following a correct guiding principle in administrative work and clarifying that the work in all fields must serve and be subordinated to the central task of modernization program, raising the economic efficiency and shifting the emphases from output value and output to variety and quality, and exercising macroeconomic control and applying economic and administrative means to organically combine macroeconomic control with microflexibility. The experience showed that in shifting the focus of the work, it was necessary to, first of all, work with one heart and one mind on the modernization drive, never wavering our determination because of other happenings. Second, leaders should concentrate their attention on the central task of economic construction and never slacken their efforts. Third, the leadership method should be improved, and the economic work responsibility system should be introduced to avoid neglecting the focus. The shift of the focus of work provided the fundamental guarantee for Jiangsu's fulfillment and prefulfillment of the Sixth 5-Year Plan.

Persist in promoting the structural reform. The agricultural production responsibility system, which was successively introduced to various localities in Jiangsu in the light of each locality's actual conditions, has effectively combined unified with separate management primarily in the forms of all-round contracting and contracting of specialized productive undertakings. It has harnessed the enthusiasm of rural households in management, brought into play the superiority of the collective economy, liberated rural productive forces, stimulated the development of agricultural production, and upheld the road of common prosperity. Areas in northern Jiangsu have not only basically solved the problem of providing the people with enough food and clothing, but have also become new bases for commercial grain and other farm and subsidiary products. The grain output of Xuzhou, Huaiyin, and Yancheng Prefectures and Lianyungang rose from 10.07 million metric tons in 1980 to 15.36 million metric tons in 1985, an increase of 53 percent. The big increase in northern Jiangsu's grain production created the conditions for industrial development. As a result of the second step in the rural reform, which changed the previous unified or fixed state purchase system to purchase by contract, large numbers of rural peasants are engaged in production according to the state plan and market needs. The structure of agricultural production was readjusted with prudent steps and a clear direction to achieve stable agricultural production, actively promote the development of industry and the building trade, and properly develop transportation, commerce, and service trades. In the urban economic structural reform, we paid keen attention to invigorating enterprises to further enliven the economy as a whole. Aside from carrying out reforms according to state plan, various localities have adopted supplementary reform measures in the light of each locality's actual conditions. In invigorating enterprises, for example, they have

emulated the experience of Yanqiao Township, Wuxi County, in instituting the economic contract responsibility system and changing cadres' appointment to a system of engaging them, workers' permanent employment to a contract system, and fixed wages to a floating wage system, and they have gradually popularized such practices among collective enterprises and small state-run enterprises in cities and towns. Measures have been taken to revitalize large and medium-sized enterprises and to stimulate commodity circulation. Following the expansion of the enterprises' decisionmaking power, industrial enterprises stepped up reorganization and association. Associations of enterprises were organized in various places. In economically advanced areas, between 20 and 30 percent of their enterprises have joined economic associations. The development of economic associations has improved the enterprises' structure and raised the level of specialization. In addition, it has brought about technological progress and raised economic effectiveness. The management structure of the building industry and capital construction has also been reformed, with a number of enterprises instituting a system of responsibility for investment and a system of contracting out projects through public bidding. Regarding efforts to develop the cities' functions, experiments with comprehensive reform have been carried out in depth. The reform has improved the two cities' capacities in providing comprehensive services. New paths have been broken by Changzhou in structuring production, circulation, technology, and financing networks, and by Nanjing in invigorating city districts. The consolidation and improvement of the system of cities exercising leadership over counties has accelerated the integration between commerce and agriculture and between urban and rural areas.

The comprehensive reform experiments carried out by Changshu, Haian, and Tongshan counties (cities) strengthened economic management at the county level and satisfactorily overcame the problems in overseeing their economies. Regarding wage distribution, Wuxi and other cities instituted a system of labor insurance for retired workers to cope with the longstanding problem of the excessive financial burden on old enterprises which have too many retired workers. Positive steps were carefully taken in various places last year to initially reform price and wage systems. Restrictions were first eased on the procurement prices of grain, edible oil, and pork. This was followed by the lifting of restrictions on their market prices. Steady steps were taken regarding vegetable prices, lifting or imposing controls as circumstances warranted. In reforming the price system, attention has been paid to the law of value and market demands in order to help develop production, establish production bases, display the dominant position of state commerce, and strengthen market management. Every effort has been made to ensure price flexibility without bringing about chaos and to control prices without having too rigid a structure. Practice has shown that in economic structural reform, it is necessary to follow unified state plans and, at the same time, adopt suitable concrete measures in light of local conditions; it is necessary to uphold the general principle and, at the same time, borrow the successful experience gained by the masses to supplement the general principle with auxiliary measures; and it is necessary to have a positive, exploratory spirit and, at the same time, adopt prudent, careful methods and measures in light of the capacities of the state, the collectives, and the individuals. Only by continuing the economic structural reform and gradually setting up a vigorous management structure in various sectors can we ensure long-term, steady economic growth.



Opening to the outside world was continued. Jiangsu, especially a number of places in the province's south, began to carry out economic and technological exchanges with many foreign countries very early. Jiangsu's economic links with foreign countries have further developed since the State Council designated Nantong and Lianyungang open coastal cities and Suzhou, Wuxi, and Changzhou Prefectures open economic zones. As a result, Jiangsu's economy has become outward oriented. The five open cities have more economic power. They accounted for 54 percent of Jiangsu's industrial and agricultural output value and 61 percent of its financial revenue. In 1985, they procured 3.55 million yuan worth of goods for export, an increase of 16.2 percent over the previous year and 60 percent of export goods procured in the whole province. At the same time, they signed contracts to import 642 technologies, worth \$470 million. Most of the imported projects were productive in nature and primarily for increasing their export capacities and renovating old enterprises. Work has begun to digest the imported technologies and to cope and improve the imported equipment. In addition, the cities have approved 44 joint ventures. General planning for the Nantong and Lianyungang economic and general planning development zones is complete, and work has begun to implement the plan. While opening themselves to the outside world, they also actively sought to establish lateral economic ties at home. Lianyungang City is developing its port in cooperation with seven provinces and regions along the Lianyungang-Lanzhou railway line. It also reached agreement with a number of provinces, municipalities, autonomous regions, ministries, state commissions, colleges, research institutes, and military industrial units on more than 200 joint projects. Eighty of these projects have been completed and are in full or partial operation. During this period, Jiangsu has made major progress in widening the path of cooperation. During this period cooperation in our province advanced from cooperation in mainly materials to a new phase of comprehensive cooperation in materials, technology, qualified personnel, and funds. Our province entered economic cooperation with provinces and autonomous regions in central and west China. In 1985 alone, the cooperation in funds amounted to more than 470 million yuan and the cooperation in materials was worth over 2.12 billion yuan. Nanjing City cooperated with Wuhan, Chongqing, and other large cities along the middle and upper reaches of the Chang Jiang to jointly develop the river's "golden water channels." Taking advantage of its position as a communication center, Xuzhou City established ties of economic and technological cooperation with adjoining areas in Jiangsu, Shandong, Henan, and Anhui provinces. Experience in the past two years shows that to develop a favorable situation in opening to the outside world, we must do three things: First, we must expand exports in order to earn more foreign exchange; second, we must pay attention to the utilization of foreign capital and the importation of technology; third, in accordance with the principle of doing what we can, we must step up the construction of the urban infrastructure and in various ways create a favorable environment for investment. Our persistence in opening to the outside world and in promoting internal economic cooperation has stimulated further economic development throughout the province.

The management of macroeconomic activities was strengthened. The Party Central Committee and the State Council made a series of policy decisions to tighten controls over the macro aspects of the economy when disproportion factors

appeared in the national economy in the fourth quarter of 1984. Governments at all levels in our province conscientiously carried out these decisions by adopting macroeconomic control measures in the light of actual conditions. Notable results were achieved. By the end of 1985, the province's total credit was kept within the quota fixed by the state lending plan; the use of foreign exchange was restrained to remain within the adjusted quota approved by the state; the money supply shrank by 17 percent over 1984; budgetary investment in fixed assets stayed within the state plan; and the irrational increase in consumption funds also brought under control. Many localities and departments did their best to explore feasible ways to exercise macroeconomic control. For example, after the state moved to control the scale of investment in fixed assets, Shazhou County promptly established some requirements aimed at raising quality and economic results and improving technology and management. Notable results were achieved in popularizing its experience throughout the province. The experience of Changzhou City and Jingjiang County in creatively using their funds was also popularized throughout the province. This forcefully stimulated the development of production. Our province's economy was able to maintain a sustained growth while exercising macroeconomic control because we did fairly well in invigorating the microeconomy while controlling the macro aspects of the economy. This means that we exercised controls over macroeconomic operations in accordance with state policies by proceeding from actual conditions; we did our best to carry out construction and production in accordance with our capacity; we made loans available and readjusted economic operations in an effort to invigorate the microeconomy while exercising macroeconomic control and make macroeconomic control promote microeconomic development.

We persisted in building two civilizations simultaneously. In recent years, while stepping up the building of a material civilization, various localities have begun to pay attention to the building of a spiritual civilization. They have conducted education on situations, policies, the four basic principles, as well as education to encourage people to cherish lofty ideals and moral integrity, to become better educated, and to observe discipline. In light of the people's thoughts in the new period, a variety of colorful educational activities have been carried out, including drives to make people models and urging others to learn from them; to promote the "five stresses, four beauties, and three loves"; to mobilize army men and civilians to jointly build civilized units; and to invite heroes from the battlefield to report on their deeds. Some units invited people to tell stories of their pursuit of ideals and discipline and to use their own revolutionary thinking and spirit to inspire the vast numbers of people and arouse their tremendous enthusiasm in building socialism. Models of good ideological and political work emerged in various trades and professions. They included the Chenguang State Machinery Factory in Nanjing, the Xiexin Wool Textile Mill in Wuxi, the Yangzi Ethylene Project, and the Xinjiekou Department Store in Nanjing. The vast numbers of cadres were affected by economic measures and administrative actions and were able to realize the role of ideological education and political work. They saw the tangible effects of material civilization and felt the invisible power of spiritual civilization. They were encouraged to attend to ideological, political, and economic work simultaneously in order to obtain results in both spiritual and material civilizations.

3. During the transitional period of the Sixth 5-Year Plan, which had profound historical significance, we encountered many new circumstances and problems and had shortcomings and faults in work. There are still many difficulties and contradictions on our road.

In this period, China carried out strategic shifts in its economic development, management structure, and foreign economic relations. This had a profound historical significance in ensuring the sustained and balanced development of our national economy. In this transitional period, the vast numbers of cadres and people in Jiangsu did a tremendous job and produced impressive results. Their work and achievements must be fully affirmed. However, because our thinking was not adequately adapted to the situation, our work was not very solid and our workstyle was not satisfactory; we have left many problems unsolved. In the process of reform, we tended to use old methods to resolve new problems. After the scope of mandatory planning was reduced and the scope of guidance planning and market regulation was expanded, we failed to satisfactorily handle the relationship between planning and marketing. In our economic construction, infrastructure, such as energy and communications, remained the weak link despite some progress. Along with the development of production and improvement of the people's living standards, contradictions in these sectors will become more prominent. The idea of taking agriculture as the foundation weakened. Input into farmland capital construction declined in recent years. In some areas, water conservancy projects were in disrepair, land deteriorated, and farm machinery became old. The economic effectiveness of our industry did not rise fast enough, some of our products were inferior in quality, high material consumption continued without much change, and our technological and managerial standards and organizational levels were not very high. In addition, progress in controlling urban and rural environmental pollution was slow, and in some places, new sources of environmental pollution appeared. In social welfare, we made some progress in recent years. However, because this work was neglected for so long, our efforts still lack for behind the needs of our economic development. In building spiritual civilization, we failed to give adequate attention to it at a certain period. We failed to fully study ways to integrate ideological and political work with our economic work and carry out the task accordingly. Not many leading comrades went to the grass-roots units to gain experience and to serve them. We must make serious efforts to resolve all these questions in the future.

## II. Goals and Tasks of the Seventh 5-Year Plan

The Seventh 5-Year Plan is a crucial period for all-round reform of the system of economic, scientific and technological, and educational management. It is also an important period for making material and technical preparations to achieve better economic performance in the 1990's. Success in our work in these 5 years, which will result in a more coordinated development of the socialist modernization program, is of tremendous importance in further consolidating and developing the current excellent situation and in realizing the grand goals by the end of this century.

In keeping with the guidelines of the National Conference of Party Delegates and the fourth session of the Sixth NPC and based on the "Suggestions for the



Seventh 5-Year Plan on Economic and Social Development" adopted at the enlarged meeting of the Third Plenary Session of the Seventh Provincial CPC Committee, the provincial people's government has made special efforts to analyze the overall economic and social development in our province and has compiled the "Draft of the Seventh 5-Year Plan for Economic and Social Development of Jiangsu Province." Some revisions have been made to the draft after preliminary deliberations at the 18th Session of the Standing Committee of the provincial people's congress to be examined, approved, promulgated, and put into force.

The goals to be achieved in Jiangsu's Seventh 5-Year Plan are: By 1990 the province's total industrial and agricultural output value shall be 187 billion yuan, up 47.4 percent from 1985, with an average annual increase of 8 percent. Gross national product shall be 100.1 billion yuan, up 48.9 percent, with an average annual increase of 8.3 percent. National income shall be 85.2 billion yuan, up 46.9 percent, with an average annual increase of 8 percent. Financial revenue shall be 11.8 billion yuan, up 33.8 percent, with an average annual increase of 6 percent. Natural population growth rate shall be kept below 10 per thousand in the 5 years. Scientific and technical progress as well as intellectual development shall be accelerated. All kinds of social undertakings shall be developed. The quality of life as well as the living environment and housing conditions shall further improve. The actual consumption level of urban and rural residents shall increase by 6 percent annually. The pattern of consumption for the people in our province shall gradually take on the characteristics of a comparatively well-off family.

#### 1. On Structural Reform

The central authorities have called for carrying out comprehensive and thorough reform of the economic system in the Seventh 5-Year Plan and straightening out economic relationships in all aspects, so that reform and construction can proceed hand in hand and promote each other's advance. Reform shall be carried out primarily in three aspects: 1) further invigorating the enterprises, the large and medium-sized state-owned enterprises in particular, so that they will truly become relatively independent economic entities and will act as socialist producers of and dealers in commodities, practising independent operation and assuming sole responsibility for their own losses and profits; 2) Further developing socialist commodity markets and gradually perfecting the market structure; 3) gradually switching from direct state control of enterprises to indirect control and establishing a new socialist system to exercise macroscopic management. In accordance with these general requirements of the central authorities, specific guidelines have been studied and presented to our province.

In rural reform, we should sum up experiences and further perfect the output-related system of contracted responsibilities on a household basis, thus firmly, steadily, and thoroughly promoting the development of the second-stage rural reform. The work of switching from unified grain purchase to contract purchase has just got onto the right track. It should be gradually improved and perfected. While maintaining prolonged stability of the two-tier operating system based on household contracts, we should undertake

to improve services. Sound regional cooperative economic organizations should be established in accordance with actual needs and capabilities of the localities so that peasant households will be given comprehensive services in information storage, transportation, sales, and so on. This will gradually promote socialization and specialization. While insisting on certain essential requirements and following the principle of voluntary participation by the masses, we should proceed step by step, encourage business operations of varied forms and appropriate sizes, and support the development of integrated entities and specialized households. Continued efforts should be made to readjust the production structure; to correctly handle the relationships between grain production and a diversified economy, between agriculture and the rural industry, and between production and circulation; to form into an organic whole the ideas that "without agriculture, there is no stability," "without industry, there is no prosperity," and "without commerce, there is no flexibility": to promote rural economy; to gradually expand the comprehensive scale of rural commodity production; and to considerably raise economic results. Special efforts should be made to speed up the reform of the system of commodity circulation in rural areas, open up new business opportunities, and find every possible means to clear obstacles in commodity circulation. Supply and marketing cooperatives should truly become collective-owned commercial establishments of the peasants and match the development of the commodity economy in rural areas.

On the reform in cities, we must continue to make it the central task to further invigorate enterprises, in particular, state-owned large and medium-sized enterprises. We must continue to simplify administration and delegate powers to lower levels in order to enhance the self-transformation and self-development capacity of enterprises. Urban collective enterprises and town and township enterprises must continue to perfect the responsibility system of "one contract and three changes," and state-run small enterprises must be revitalized through lease, concessions, and other forms. Regardless of size, enterprises must look to themselves, constantly perfect their various economic responsibility systems, continue to enforce the plant director (manager) responsibility system, and improve their quality. We must, through reforms, perfect the relations between large and medium-sized enterprises on the one hand and small ones on the other, between state-run and collective enterprises, and between processing industries and industries producing raw and semifinished materials in order to further enhance industrial organization and the capacity of enterprises to supplement one another. We must gradually improve the market system and stimulate commodity circulation. While developing the consumer goods market, we must expand the market for means of production, strengthen relations between urban and rural areas, and smooth out the relationships between producers and consumers and between agricultural and industrial departments. The state-run commercial sector, the supply department, and supply and marketing cooperatives must play their predominant role and take an active part in market regulation. We must step by step develop the capital, technical, and construction markets and effect a rational flow of the labor force in order to meet the needs in the development of the commodity economy. To establish and perfect the socialist market system, the key is to reform the price and price control systems step by step in a planned way according to the State Council's unified arrangements.

In the course of reforming the price system, we must stick to the principle of moving forward steadily and integrating decontrol with adjustment and fully take into consideration the receptivity of the state, enterprises, and people in order to maintain basic stability of commodity prices as a whole. We must continue to successfully carry out reform in the planning, revenue tax, banking, labor, and wage systems. The organizational structure of economic management department should be strengthened while the specialized economic management departments should expand its control over the production and operation of not only enterprises directly under its jurisdiction but also of enterprises of the entire industry. As economic restructuring is being intensified and the national economy is developing, more principles and regulations on economic relations and activities should be finalized in the form of laws so that laws will become an important means to regulate economic relations and activities. Therefore, we must attach tremendous importance to economic legislation and judicial work so that all economic activities will have laws by which to follow. We must ensure that laws are strictly observed and enforced.

On scientific, technical, and educational reform, we must continue to intensify it according to the guidelines of the Party Central Committee's two "decisions." In scientific and technical reform, we must bring into full play the role of the technical market, increase enterprises' technical development ability, and bring about a still better connection between science and technology and production. The management of scientific research units must be improved; the academy president's (institute director's) personal responsibility system must be perfected; and the system of engaging professionals and technicians must be popularized. Reform should continue in the appropriation system. To strengthen the self-development capacity of scientific research units, they should externally follow the remunerated contract system, and internally, they should follow the scientific-research contract responsibility system. In the reform of the educational system, we must accelerate the training of qualified personnel by running schools of all forms at all levels through all possible channels. Regular schools should be run and managed at different levels. Structural reform of secondary education will continue, and the development of vocational and technical education will accelerate. The university and college enrollment system must be reformed, and the scope of training personnel by commission and selective quotas must be expanded. Normal education must be strengthened and reformed to improve the quality of teachers. Research and study of educational and scientific theories must be stepped up; educational philosophy must be quickly reformed; contents and methods of teaching must be improved; and the quality of teaching materials must be raised. On reform in the cultural, public health, and physical education fields, we must further emancipate our minds, continue to adopt effective policies, and carry out the reform in depth.

Reform is a gigantic social systems engineering project with extremely arduous and complex tasks. In the course of reform, old and new structures will continue to coexist and interact, and thus they are liable to give rise to all sorts of loopholes in management and frequent imbalances, or even contradictions, between microflexibility and macroeconomic control. At the same time, reform represents a profound and sustained transformation which



does not have a ready model. Some mistakes in our endeavor to explore new ground cannot be avoided. However, compared with the mainstream of reform, which has stimulated the development of productive forces, difficulties and problems in our course of advance are undoubtedly secondary, regional, and temporary phenomena. We should not raise doubts about reform because of contradictions we encounter. Problems cropping up in the course of reform can only be resolved not by taking the road of retrogression but through the continuous deepening and perfecting of reform. As far as leaders at various levels are concerned, they should, with political enthusiasm and enterprising spirit in the practice of reform, seek truth from facts, proceed cautiously, map out careful plans, and exercise meticulous guidance in order to promptly discover and solve problems in the work. With the clear-cut directions, principles, and measures for reform put forth by the central authorities and as long as we closely rely on the broad masses of people throughout the province, tailor measures to local conditions, and realistically sum up experience in practice, we will certainly continue to promote reform on various fronts.

## 2. On Agriculture

During the Seventh 5-Year Plan, we should further raise our understanding that agriculture is the foundation of the economy, strengthen leadership, and deepen the reform in order to promote agricultural production. Under the Seventh 5-Year Plan, the total value of agricultural production (including industries run by villages and lower units) in 1990 shall be 55.6 billion yuan, topping that of 1985 by 37.3 percent and averaging 6.5 percent annual growth. In line with the principle of sparing no effort in promoting grain production and actively developing diversified undertakings, we will adopt measures suited to local conditions to readjust the structure of agricultural production. Since agriculture is the foundation of the economy and grain is the foundation of agriculture, we should pay close attention to grain production and arrange the production according to the demand for "steady increase, 1,000 jin per capita output, and self-sufficiency with a little surplus to be delivered to other localities," striving to stabilize annual output between 31 and 34 million metric tons. It is also necessary to achieve steady cotton output at around 600,000 metric tons annually. Production of cash crops must be based on domestic and international market needs, and adequate provincial and regional plans should be mapped out to ensure rational distribution of crops. It is necessary to exploit natural resources in an all-round manner and develop forestry, animal husbandry, fishery, and sideline production. Existing bases for producing grain, cotton, edible oil crops, silk cocoons, and hogs should strive to increase output, improve quality, and offer a large proportion of marketable products. It is necessary to step up efforts to carry out plans to build bases for agricultural and subsidiary products and export commodities. In developing agriculture from now on, we will, in addition to implementing policies, rely more and more on scientific and technological progress to improve agricultural production conditions. More investment in agriculture will be made from provincial financial resources, and the practice of spending 25 percent of the investment raised in the province for agricultural capital construction will be gradually resumed. City and county governments should adopt various means and increase agricultural investment through various channels, with the focus on building irrigation and water conservancy facilities and improving production conditions. It

is necessary to continue to implement the policy of "actively supporting, rationally planning, correctly guiding, and strengthening the supervision of" the development of village and town enterprises and offer practical guidance case by case in order to make the best use of economic advantage of various localities. In areas with relatively developed village and town enterprises, it is necessary to especially improve quality and efficiency and divert the market target from mainly serving domestic needs to equally stressing the development of overseas markets. In areas with a relatively late start in village and town enterprises, they should make ample use of local resources and set up various kinds of enterprises in a more effective way. It is necessary to carry out technical transformation of existing enterprises in a planned and selective manner. Efforts should be made to carry out the "spark plan" and strive to complete a number of projects that require a short construction period and little investment but will yield quick economic results. It is necessary to pay special attention to raise the quality of management, improve its basic work, and turn out standard products. It is also necessary to uphold the policy of "subsidizing agriculture with industry"; to balance personal incomes in industry and agriculture; to develop agriculture along the direction of "building up agriculture on the basis of industry"; and to reinforce material and technological foundations in order to promote a sustained, steady, and balanced development of agriculture and the rural economy as a whole.

### 3. On Industry

During the Seventh 5-Year Plan, we must consider the increase of economic effects as the key to industrial development, striving to improve product quality, lower material consumption, and maintain an appropriate growth rate. The Seventh 5-Year Plan stipulates that the total industrial output value in 1990 should be 131.4 billion yuan, 52.1 percent over that of 1985 and averaging an 8.7 percent annual increase. This is a positive growth rate, yet it leaves some leeway. This is because, on the one hand, we want to further balance economic relations, prepare a good economic environment for restructuring, and focus our attention on increasing economic effects, improving product quality, and elevating our technical and management levels. On the other hand, we have taken into consideration that in the near future, the production and supply of energy and raw and semifinished materials will not increase markedly, the problem of a shortage of transportation will not be greatly changed, and shortages of funds and foreign exchange cannot be greatly countered. Historical experience shows that the plan targets, if safely set in view of a comprehensive balance, are conducive to protecting and increasing the enthusiasm of the masses and production units and ensuring that the national economy develops harmoniously and proportionately. Under the precondition that we must seek economic effects and social benefits and at the same time must not disrupt plans for capital construction, credit and loans, foreign exchange, and consumer funds, we must strive to achieve a sustained, higher speed according to needs and possibilities. This will help ensure good markets and export and revenue situations and preserve the good tendency of the vigorous economic development. Capital construction and technical transformation during the Sixth 5-Year Plan constituted new production capabilities. More new input will be added during the Seventh 5-Year Plan. As

reform is intensified, more enterprise potentials will be tapped. If we just do our work well, the results of implementing the plan may and should surpass the above-mentioned targets.

To improve economic effects, efforts should be made chiefly to improve our technical and management levels. We should conduct technical transformation, remodeling, and expansion of existing enterprises on the present basis. This is the important way to increase economic effects. During this period, our province's technical transformation should be conducted to improve product quality and processing levels, increase variety, and lower consumption of energy and raw and semifinished materials. Emphasis should be placed on large and medium-sized enterprises which have a bearing on the national economy as a whole, the backbone enterprises which can act as role models in industrial technical progress, and enterprises which are charged with the mission of exports. The machinery and electronic industries are the equipment department of the national economy and, therefore, should be the first to undergo technical transformation. Technical transformation should be perfectly connected with industrial adjustment and enterprises' structural reorganization. It should be conducted step by step in selected key enterprises, and systematically throughout an industry instead of the past scattered technical transformation here and there. We must encourage enterprises and the masses of staff members and workers to make rational proposals and launch a mass movement in technical innovation. We must make full use of the national defense industry's technological superiority and successfully effect the transfer of military industrial technology to civilian industries. We must pay attention to the world's new technological revolution, selectively use new technologies to reform our traditional industries, and actively develop new technologies and form certain new industries. At the same time, we will continue to import advanced technology and equipment, stressing digestion, assimilation, imitation, and innovation and gradually producing our own technologies. We will strive, through hard work, to have over 50 percent of our major industrial products by the end of the Seventh 5-Year Plan match the international standard of the late 1970s and early 1980s, with some of them reaching the current international advanced level. We must attach importance to technical transformation and still greater importance to management. In view of the practical condition of our province, improvement and strengthening of management and elevation of the operational management level are of more urgent and immediate significance. All industries must study their respective economic and technological policies and, according to the principle of specialized and socialized great production and economic feasibility, make efforts to form various types of associations of scientific research, design, and production units. Enterprises must gradually enforce all-out quality control and cost and financial management, do the foundation work for enterprise management well, and perfect all the management systems for quality control, energy conservation, and consumption reduction. Enterprises with a better foundation must promote modernized management and establish a high-efficiency management system.

#### 4. Concerning the Key Construction Projects

In the Seventh 5-Year Plan, while maintaining the appropriate scale of investment in fixed assets, we should reasonably readjust the investment



structure, guarantee the construction of key projects in energy, communications, and raw and semifinished materials, and strive to increase investment returns. The state has earmarked 25.8 billion yuan of investment in fixed assets for our province, of which 16.7 billion yuan is investment in capital construction projects, 47.9 percent more than the Sixth 5-Year Plan. Some 60 large and medium-sized projects will be built, including the Yangzi Ethylene project, the Yizheng Large Chemical Fiber Plant, the Lianyungang Soda Plant, the Nanjing Automobile Manufacturing Plant, the No. 742 Micro-computer Scientific Research and Production Complex, and other projects which have been continued or have just started. The province also plans to build some civil aviation facilities and ports. On completion, these projects will provide a powerful basis and support for Jiangsu's economic development and technical progress. In industrial production, more manufactured goods and fewer farm and sideline products are being used as raw and semifinished materials. Transportation has also improved. These very important factors constitute a powerful force for sustaining our province's economic growth. The question of electric power should be addressed here. The acute problem in the supply and demand of electric power currently experienced by our province has created many difficulties for production, construction, and the people's livelihood. Great efforts should be made to gradually solve this problem. During this period, our province has listed power projects as the most crucial of the key projects. The planned construction scale is 3.38 million kilowatts. Large and medium-sized projects included in the state plan are the power plants in Xuzhou, Jianbi, Tianshenggang, Yangzhou, Xinhai, Yancheng, and the No. 2 Nanjing Thermal Power Plant. Other power plants that combine hydroelectric and thermal power as well as self-contained power stations of large enterprises will also be built. Therefore, by 1990 the installed capacity will reach 6.98 million kilowatts, nearly doubling the figure at the end of 1985. By that time, power shortages in many places will be eased. Meanwhile, the construction of corresponding projects for power transmission and transformation should be stepped up. Preparatory work for the construction of the Gishuyan Power Plant, the Xuliujing Power Plant, and others should be done well. All cities and counties should also closely attend to the small and medium-sized generating sets now under construction, in addition to the key projects of the state and the province.

#### V. Concerning Foreign Exchange Earning Through Exports

In the Seventh 5-Year Plan, we should persist in opening to the outside world and raise the standard of work in this field. It is necessary to fully realize the importance of the "two cities, one area, and four ports" (namely, Nanjing and Lianyungang Cities; the Suzhou-Wuxi-Changzhou area; and the ports of Nantong, Lianyungang, Zhangjiagang, and Nanjing) as well as the advantages of opening them to the outside world. We should strive to do our work well, vigorously develop foreign trade, speed up the use of foreign capital and the import of technology, and actively develop knowledge- and technology-intensive enterprises as well as hi-tech enterprises. Large amount of foreign exchange is needed to import advanced technology and the essential materials, to serve as principal and interests for repaying the foreign capital used, to develop economic and technical cooperation with foreign countries, and to carry out technological exchanges. Therefore, we should regard enhancing the capacity to earn foreign exchange through exports as the key to ensuring success in

production and construction. We should explore new approaches to earn foreign exchange through exports in order to meet the need of the ever-expanding economic and technical exchanges with foreign countries. This is a strategic measure for invigorating our province's economy. The Seventh 5-Year Plan requires that by 1990 the province's export volume reach \$2.4 billion to \$3 billion, an increase of 56 to 95 percent over 1985, with an average annual increase of 9 to 14 percent, and that some \$500 million to \$750 million of foreign capital be used. To earn more foreign exchange through exports, it is necessary to set store by the quality of export commodities, exploit the advantages of light industrial products and textiles, and increase the exports of farm, sideline, and native produce, as well as new types of foods. To promote exports of chemicals, pharmaceuticals, building materials, and mineral products, more varieties should be offered. We should improve the technology for manufacturing machinery and electronic products and successfully combine the mechanical and electrical equipment and instruments to provide a good foundation for exports. Measures to be taken include:

- 1) Establishing a system for producing export commodities. In keeping with the principle of combining foreign trade, industry, and agriculture, we should run well the bases for producing farm, sideline, and native produce for export, and convert into specialized export commodity plants those enterprises whose export products account for more than half of the products manufactured and whose foreign exchange earnings have reached a certain level. Meanwhile, armament enterprises and village and town enterprises should be encouraged to produce export commodities so as to exploit new advantages in foreign trade.
- 2) Improving the product mix of export commodities, and gradually switching from exporting primary products to exporting end products.
- 3) Constantly implementing inducement policies and measures such as the system of profit retention for those who have earned foreign exchange through exports, so as to mobilize the enthusiasm of enterprises and individuals for producing and supplying export commodities.
- 4) Actively promoting the integration of foreign trade with industry, agriculture, and technology, and of imports with exports; and give selected, qualified large and medium-sized enterprises the power to deal with foreign firms directly. Open areas and cities should run well the corporations for foreign economic relations and trade which have been approved.
- 5) Actively exploring the international market, adopting flexible and varied trading methods to increase transaction volume, and gradually establishing and perfecting sales and service networks abroad. We should also develop tourism, do a good job of contracting for construction projects abroad, and expand labor service cooperation and technical exports.

## 6. On Science, Education, and Culture

During the Seventh 5-Year Plan, we should accelerate the development of scientific and educational undertakings and gradually adapt them to meeting the needs for developing the economy and improving the people's livelihood. Science and technology should be oriented to economic construction and closely combined with production to ensure that Jiangsu's economy will develop along with scientific and technological progress. Currently it is of strategic importance to stress science and technology in all quarters, instilling in them a pressing sense of speeding up scientific and technological

development. It is necessary to develop all undertakings in the fields of production, construction, and circulation along with scientific and technological progress, and to earnestly concentrate efforts to tackle key projects assigned by the state and the province. Investigation should be conducted in all trades for finding out problems existing in production and solving them through scientific research. At the same time, we should promptly apply the fruits of scientific and technical projects that can produce quick economic results to promote production. It is also necessary to explore new areas of technology and gradually set up new industries. Study of agricultural sciences, development of technology, and farm mechanization should be listed on the agenda. It is necessary to step up the study of philosophy and other social sciences, especially economic theory, for exploring and solving new problems cropping up in reform and construction. Since talented personnel are the key and education the foundation for promoting scientific and technological progress and accelerating development in all fields of endeavor, we must earnestly strengthen basic education, actively popularize the 9-year compulsory education system, continue to improve higher education and adult education, and raise the quality of education at all levels. It is also necessary to gradually institute and perfect a system of continuing education for scientific and technical personnel and teachers, and to ensure that an increase in educational expenditures must be higher than that of the regular financial revenues of provincial, city, and county governments, and that educational expenses per student enrolled in school be increased accordingly. The proportion of educational appropriations in financial expenditures should be gradually expanded, and increases in capital construction investment should first be used for educational undertakings. It is necessary to intensify the supervision of educational expenditures and persist in running school industriously and thriftily. Further efforts should be made to promote cultural, public health, and physical sports undertakings so that they can advance along with economic development. It is also necessary to vigorously tap potentials and coordinate state, collective, and community forces to jointly achieve progress in these undertakings.

#### 7. On the People's Livelihood and Social Welfare

The aim of socialist production is to continuously satisfy the people's growing material and cultural needs. This is the starting point of all policies for socialist modernization. While formulating Jiangsu's Seventh 5-Year Plan, we paid attention to properly handling the relationship between improvement of the people's livelihood and production and construction on the one hand and the increase in workers' wages and the growth of labor productivity on the other hand. We made all-round arrangements to ensure that the people's livelihood would continue to improve on the basis of development of production and better economic effectiveness. It should be pointed out that while increases in workers' wages and greater employment opportunity constitute an important aspect of continuously improving people's livelihood, providing better public facilities and living conditions is another important aspect. The latter is the area in which we lag behind. We should intensify the construction of such public facilities as water, power, and gas supply; drainage works; roads; transportation; and telephones, and should speed up housing construction in a planned manner and within the limits of our resources. In



order to provide clean and comfortable living and working conditions for the people, we should step up the monitoring, preventing, and controlling of environmental pollution by industrial waste, noise, and other public hazards, as well as plant more trees and build more gardens to beautify the environment. We should also gradually set up and improve a social security system, develop social welfare undertakings, and actively take care of the life of the aged, children, and disabled by providing adequate relief for them. We should show concern for and assist the construction of old revolutionary bases and help the impoverished there to become better off through developing production. While continuing to improve the people's livelihood and raise their material and cultural living standards, we should also advocate the spirit of working hard and arduously, strictly control excessive growth of consumption funds, and guard against irrational competition for higher wages and better welfare.

#### 8. On Geographical Distribution of Regional Economic Undertakings

Jiangsu is a province in the eastern coastal region with a comparatively better economic foundation. We should accelerate our pace in introducing investment from abroad and establishing lateral ties at home, and make more contributions to China's economic development in accordance with the central authorities' instruction on correctly handling the relations among China's east, central, and west economic regions and on expediting the development of the eastern region. Geographically, Jiangsu is divided into the southern and the northern regions. As the two regions had different economic foundations, they are now at different levels in economic development. The principle of actively improving the conditions of southern Jiangsu and accelerating the development of northern Jiangsu, put forward by the provincial party committee, is an important strategy for Jiangsu's regional economic development. In the past 3 years and more, the province and all cities and counties have done a great deal of work and explored some ways to improve the conditions of the southern region and develop the northern region. On the basis of what we have done, we should strive to make greater achievements during the Seventh 5-Year Plan. The southern region should take advantage of its favorable natural and geographical conditions and its comparatively more developed commodity economy to strive to raise its science, technology, and modern management to the world's advanced level. It should speed up the modernization of agriculture, improve the technology and equipment of its village and town enterprises, actively develop new urban industries, and develop the production of high-grade consumer goods and the tertiary industry. After the productive forces are enhanced to a considerable extent, we should help the people in the southern region become well-to-do first. Northern Jiangsu should take full advantage of its abundant natural resources and make proper development and use of its water areas, beaches, the old Huang He riverbed, and other resources. It should step up the construction of communications, electric power, water conservancy and other basic facilities. The provincial authorities should build, renovate, and expand a number of key projects in the northern region according to plan; develop education and accelerate personnel training there and support it with flexible policies and materials; and transfer office cadres to work there on a rotational basis. Various provincial organs have already dispatched 600 persons to grassroots units. In the last few years, some counties and townships in northern Jiangsu

have gained some experience in success. We should make great efforts to sum up and popularize their experience to promote economic development in the region. By making efforts in various respects, we should gradually turn northern Jiangsu into a production base for yielding a large quantity of commercial grain and agricultural and sideline products, and into a production base for energy, raw and processed materials, and food, and develop a number of processing industries there according to local conditions. Southern Jiangsu and northern Jiangsu should take their own road of economic development in consideration of their own realities. At the same time, they should support and cooperate with each other to promote a common prosperity. This is not only important to realizing the objectives of Jiangsu's Seventh 5-Year Plan, but is also of far-reaching significance to accomplishing the province's grand objectives for the period between now and the end of the century.

In order to ensure the fulfillment of the Seventh 5-Year Plan, we should step up the building of socialist spiritual civilization while building material civilization. Socialist construction includes the building of socialist material civilization and the building of socialist spiritual civilization, and we must persistently build both. If we build only material civilization and neglect spiritual civilization, we will be unable to guarantee a correct and socialist orientation for our modernization drive. The development of education, culture, public health, and physical culture is an important prerequisite for building material civilization, as well as for raising the people's ideological awareness and moral standards. We should persistently keep to an orientation of serving the people and socialism, correctly handle the relationship between economic results and social benefit, and put social benefit above all else. In education, we should seriously implement the policy of promoting the moral, intellectual, physical, and aesthetic development of students. Schools should intensify education in the love of labor to varying degrees according to their specific requirements and train qualified personnel in various specialities. Teachers should teach and cultivate students and be worthy of their name. Literary and art workers should strive to create more and better works that reflect the new look of the times and enrich the people's cultural life. We should actively promote mass cultural and sports activities to invigorate the people's spare-time cultural life. Ideological and political work is a fundamental guarantee to keep the four modernizations on the right track. We should persistently educate the cadres and people in the four basic principles and to have lofty ideals, moral integrity, knowledge, and a sense of discipline. We should enhance our ability to resist corruption by capitalist and feudalist thinking under the new circumstances and strive to foster a civilized, sound, positive, and enterprising mental attitude. We should carry out education in the current situation and policies as an important part of the ideological and political work taking into consideration reality; we should further identify the people's thinking with the line, principles, and policies laid down since the 3d Plenary Session of the 11th CPC Central Committee. In the economic field, we should energetically advocate good working ethics and enterprise reputation; run business operations and factories in a civilized way; oppose the attitude of "putting money above all else" and the behavior of seeking private gains at public expense; abide by law and discipline; and resist all irregularities and decadent business practices. Government organizations at all levels should set examples of correcting unhealthy tendencies. The majority of our

government functionaries is conscientious, diligent, and hard working, and the main trend is good. However, problems do exist in some localities and organizations. For instance, some of their personnel are bureaucratic; neglect their duties; violate regulations; engage in business operations for profits; vie to go abroad under various pretexts; or go sightseeing at government expense. Others even commit such serious crimes as embezzling and taking bribes. We must resolutely correct these phenomena because they not only hurt the prestige of the government but also corrupt social values. Leading organs and leading cadres at all levels should set strict demands for themselves and set an example in performing good deeds to bring about a fundamental change for the better in the standards of social conduct. We should strengthen the building of democracy and the legal system and carry out education in legal knowledge among all citizens group by group and step by step. We should guide the people in learning legal knowledge, knowing and obeying laws, and conscientiously applying the law in dealing with serious crimes, including serious economic crimes. At the same time, we should strive for a general improvement in public order and persistently take measures to bring about a fundamental change for the better in public order and in the standards of social conduct.

Deputies, the tasks during the Seventh 5-Year Plan are heavy and arduous. If we unite and work hard in a down-to-earth way in the spirit of the foolish old man who moved mountains, we can surely fulfill the Seventh 5-Year Plan completely, and we can surely do better during the Seventh 5-Year Plan than we did in the last 5 years because we now have a clear and definite blueprint and many favorable conditions. After we accomplish this task, Jiangsu's economy will have more vitality and greater strength; our levels of science, technology, and management will be raised; and the living standards of urban and rural people will be further improved. By then, this province will enter a new period of vigorous economic development, and we will be marching toward the grand objectives set for the period between now and the end of the century.

### III. The Principal Tasks in 1986

1986 is the first year of the Seventh 5-Year Plan. It is also the first year of the crucial period for the overall reform of the economic structure. It is highly important to do a good job of economic construction and all other work this year in order to make a good start on the implementation of the plan. The "Draft Plan for Jiangsu's Economic and Social Development in 1985," drawn up by the provincial people's government, will be separately submitted to our fellow deputies for deliberation.

On this year's economic work, we must continue to keep total consumer demand under control to guarantee steady growth in the economy. With this general requirement in mind, we must not only further enliven our local economy, but also strengthen and improve our overall management. We must stop demanding uniformity in everything. We must continue to keep our excessive consumer demand under control and at the same time strive to improve supply. We must maintain appropriate economic growth rates on the basis of increased economic results. According to this year's plan, the total value of industrial and agricultural output should increase at a rate of 8.7 percent of last year's. Of that total, the value of industrial output will rise at a rate of



10 percent while the value of agricultural output will rise at a rate of 3.5 percent (not including industries at and below the village level). The gross national product is to increase by 8 percent while revenues are to increase by 9.6 percent (guaranteed rate).

Considering what we achieved in the first quarter, the province's economic situation is good. The value of industrial output reached 20.7 billion yuan, an increase of 7.6 percent over the corresponding period of last year. Revenues amounted to 2.27 billion yuan, an increase of 6.8 percent. It should be noted that while there are numerous favorable conditions in our production, we also face quite a few difficulties. Therefore, we must seek unity of thinking, develop a positive and enterprising spirit, and strive hard to fulfill this year's economic tasks.

#### 1. Strive for bumper harvests by every possible means

The grain production task the state sets for our province is 31.5 million metric tons, while the cotton production task set for our province is 600,000 metric tons. We must guarantee the fulfillment of both tasks. To guarantee the successful production of grain and cotton we must pay attention to acreage, strengthen field management, and increase per-mu yields. It is necessary to do a good job of preventing floods and fighting natural disasters. We must be able to fight natural disasters while striving for bumper harvests.

In addition, it is necessary to actively develop forestry, animal husbandry, sideline production, and fishery. It is necessary to firmly grasp vegetable production in the suburbs of large and medium-sized cities. Rural enterprises must disseminate the experience of improving product quality, technology, and management; making high quality products; earning more foreign exchange; and raising economic results, so as to promote steady and healthy development. In order to guarantee the sustained growth of agricultural production we must reform and strengthen our service structure. It is necessary to do a good job of service before, during, and after agricultural production and exert effort to increase the production and supply of chemical fertilizer, insecticide, farm machinery, and other means of production. It is necessary to assign personnel to design new farm machines, finalize their design, and form complete sets of them. It is necessary to continue strengthening rural land management and resolutely curb the unhealthy trend of irresponsibly enclosing or using arable land.

#### 2. Strive to develop the production of consumer goods

It is necessary to draw up a plan for increasing the production of famous brand, top quality products, marketable products, and high- and medium-grade products. It is necessary to do a good job of economic coordination. It is necessary to restrict the production of goods the supply of which exceeds demand and guarantee increased production of goods the supply of which falls short of demand. It is necessary to create new production categories and develop new varieties and products.

It is necessary to increase the rate of quality stability this year from 74 percent to more than 80 percent, so that the quality of 100 key products can

reach or be close to advanced international levels and 500 products can reach advanced domestic levels. This year all enterprises directly under the counties and units above the county level must strive for production in accordance with standards. In order to meet demand in the production of consumer goods, we must conserve and rationally use energy resources and raw and other materials and reserve the upturn in production costs. We must strive to improve existing enterprises' technology. This year we must firmly grasp the technical transformation of 100 most marketable products, 200 backbone enterprises, and 300 key projects; the digestion, absorption, and reproduction of 10 projects; and the tackling of key technical problems in 21 projects.

We have taken and are still taking measures to ease shortages in the power supply. We are striving to increase our power supply by 3.7 billion kwh by making our old generators generate electricity stably and at full capacity and our new generators generate more electricity earlier, subject to the prerequisite of safety and improvement in operation and construction. We must use electricity in a planned way and encourage people to conserve 600 million kwh of electricity. We must firmly grasp the above-mentioned measures to greatly develop the production of consumer goods and markedly raise our economic results in industry.

3. It is necessary to strictly control the scale of investment in fixed assets. Of the 825 million yuan investment for capital construction in state enterprises in Jiangsu this year, the portion of funds raised by the province is 10 percent less than last year, and of the 1,547 million yuan investment for technological transformation, 25 percent less. Although these decreases may create certain difficulties, we must consider the overall situation and ensure that we do not overspend. In strictly controlling investment scale, we must not only reduce the overall scale but must also rationally readjust the investment structure and step up efforts to liquidate unauthorized projects already under construction to guarantee key construction projects. Local budgetary investment should be used mainly on finishing up or continuing projects already under construction, while local extrabudgetary investment should be focused on the construction of energy, transportation, and raw and semifinished materials industrial infrastructure and on tertiary industry. As far as assistance to village and town enterprises is concerned, it is necessary to pay attention to their geographical distribution as well as local resources in determining the focal points and proper ratio of our investment.

4. It is necessary to strive to expand foreign trade and ensure market supply. We should strive to overfulfill the target of \$1,532 million foreign exchange to be earned from Jiangsu's exports under the state plan this year. Currently, it is of crucial importance to ensure sufficient supply of marketable export commodities and guard against their diversion to the domestic market. To ensure steady supply of export goods, it is necessary to continue to give them priority in the supply of funds, raw and semifinished materials, and electric power. Vigorous efforts should be made to improve the quality of export commodities, increase their variety and design, and update them so that we can timely win a bigger international market with better and newer goods. While improving export commodity supply, it is necessary to map out an overall plan to ensure domestic market supply. Commerce departments should take active measures to formulate commodity purchasing and marketing plans

and improve the procurement and supply of manufactured consumer goods, especially those in short supply. They should also cooperate with industrial departments in coordinating production and consumption and striving to balance supply and demand. It is necessary to intensify the supervision over the procurement and supply of farm and subsidiary products to ensure the fulfillment of procurement and allocation plans for grain, cotton, and some other farm and subsidiary products having a vital bearing on the national economy and the people's livelihood. In order to improve supply, it is necessary to purchase or trade, by contract, meat, poultry, eggs, aquatic products, and vegetables, for which the fixed purchase system has been abolished. State-run commercial establishments should play the leading role in controlling the wholesale of goods in short supply by setting up a reserve system of major commodities and actively taking part in market regulation. At the same time, it is necessary to expand commercial facilities and outlets for enlivening circulation. It is necessary to reinforce market price supervision and strictly prohibit wanton price hikes or price rises in disguised form in order to effectively protect consumer interests.

5. It is necessary to improve financial and banking work and the allocation of funds and materials. Jiangsu faces a rather tough financial task this year, which must be fulfilled. The key to the fulfillment lies in expanding production and exploring new financial resources. At the same time, it is necessary to pay close attention to tax work and to collect taxes in full and in due time. It is also necessary to continue to make efforts to fulfill the state quota to reduce deficits and increase profits by focusing our attention on major deficit-ridden or profit-making units and on unprofitable products of profit-making enterprises. In view of the relatively difficult task in Jiangsu's financial revenues and expenditures this year, we should map out proper arrangement within the limits of our abilities and in line with the principle of giving overall consideration and ensuring priorities. Aside from expenses for technological transformation and price subsidies for meat, priority should be given to appropriately increasing investment in the development of intellectual resources and to agriculture expenditures, key construction projects, and retention of indispensable funds to combat natural disasters. It is necessary to reinforce financial and economic discipline and successfully complete the general checkup of financial and tax work. To assist production and construction units in raising funds, banking departments should explore new fund sources and increase savings deposits through various channels. It is also necessary to rationally utilize funds, readjust the structure of loans, improve management method, and raise the utilization rate of funds. Material supply departments should accelerate the delivery of materials, earnestly carry out warehouse inventory, pay close attention to conservation, and step up cooperation with other departments. They should also appropriately increase imports to replenish resources that Jiangsu needs.

6. Conscientiously reform the economic structure,

The principles of this year's economic structural reform are "Consolidation, assimilation, supplementation, and improvement," keeping the advantages and eliminating the disadvantages, and solving outstanding questions, so that reform can bring us greater benefits and we can fully prepare for the important



new steps in reform during the next 2 years. This principle, when carried out, can help our economy grow steadily. It can also further deepen our reform. To implement this principle, we must firmly grasp the following: First, allow assimilation and supplementation of existing price and wage reforms, and solve persistent, outstanding questions. On price reform, the state has decided not to adopt further major measures this year. This is mainly to allow all sides to assimilate and improve the measures already carried out, to keep the general level of commodity prices basically stable. The upswing in the general level of Jiangsu's retail commodity prices this year must be kept within 5 percent. This will call for great efforts to stabilize the price of nonstaple foods, particularly vegetables, meat, and eggs. It is necessary to systematically solve long-standing questions concerning the price of industrial consumer goods. Prices of rolled steel, cement, and other principal means of production not under the state plan must be kept under proper control. It is necessary to straighten out collection of fees for tertiary industry and gradually readjust various charges in order of importance and urgency. Raising prices at will is not permitted. This year, it is necessary to solve outstanding unreasonable questions concerning reform of wage system in state organs and institutions. It is necessary to readjust and reform wage structure in enterprises according to the state's related regulations and plan. Second, further invigorate large and medium-sized enterprises. This year, the state will adopt the important measures of reducing regulatory tax and raising the depreciation rate. Departments concerned under the provincial government must, on the basis of investigation and study, draw up specific plan and submit it to the authorities for approval, and guarantee that the money is used properly. It is also necessary to continue to put various companies in order. The focal point of the work is to consolidate and reorganize companies of an administrative nature and those whose administrative responsibility is inseparable from their enterprise responsibility, and reduce the number of intermediate levels. Inside an enterprise, it is necessary to lay emphasis on consolidating and improving various economic responsibility systems, properly assign lower-level units to be accounting units, practice management at different levels, and correctly handle the relationship between control and decontrol, between undertaking one production task and the diversified economy, and between production and auxiliary workshops. It is necessary to raise an enterprise's ability to transform and develop through internal and external reforms. Third, promote lateral economic integration. We must make great efforts to promote lateral economic ties among enterprises and continue to develop them among prefectures, based on the principles of voluntary participation, fostering strengths and circumventing weaknesses, adopting a variety of forms, mutual benefits and simultaneous development. We must gradually establish a new form of enterprise structure, characterized by integration of urban and rural areas, well-proportioned development of big, medium, and small enterprises, a close combination of production, scientific research, and circulation of commodities, and rational use of productive forces, to promote development of the province's economy for specialization and modernization. Through grasping economic integration and promoting reforms, we must discover and resolve, in a timely manner, those problems existing in our present systems, regulations, and rules which hamper economic integration, so that our work of economic structural reform will be further promoted. Fourth, we must correctly carry

out various experimental reforms. Regarding the experimental work in Changzhou and Zhenjiang cities on the establishment of markets for means of production, reform of the banking system, commercialization of living quarters, and organizational reform, it is imperative to conduct investigation and study, map out plans, and strengthen leadership to see that the work is earnestly carried out.

As far as science, education, culture, public health, and physical culture are concerned, we should successfully carry out the reform and work in all fields this year in line with the demands set in the Seventh 5-Year Plan.

The intensification of ideological and political work and stress on building a socialist spiritual civilization are important guarantees for fulfilling the tasks of this year. Currently, it is necessary to pay particular attention to studying and publicizing the guidelines of the Fourth Session of the Sixth NPC and Premier Zhao Ziyang's report on the Seventh 5-Year Plan, regarding them as essential contents of the ideological and political work. Through study and publicity, it is necessary to make the broad masses of cadres and people have a better assessment of the situation, achieve greater unity in thinking, and understand the tasks more clearly, thereby inspiring their fighting spirit, enthusiasm, and dedication to build socialism. In order to further improve general social conduct, all trades and professions in Jiangsu should launch extensive and in-depth activities to cultivate, learn from, and catch up with advanced models, encourage socialist justice, and oppose and resist all sorts of unhealthy trends.

Fellow deputies:

In retrospect, implementation of the Sixth 5-Year Plan shows that under the correct leadership of the Party Central Committee and the State Council, Jiangsu's economy developed along a new road at a more reliable pace, with better efficiency, and more benefits to the people. As a result of practice and exploration over the last few years, a new socialist economic system full of vigor and vitality is now taking shape; economic and social development is becoming more harmonious; and a bright future for socialist modernization is emerging. Looking at the prospects of the Seventh 5-Year Plan, we shall continue to advance along the correct course chartered by the Party Central Committee. Inspired by the guidelines of the National Conference of Party Delegates and the Fourth Session of the Sixth NPC, the people of the whole province have gone all out to carry out the four modernizations program. The Seventh 5-Year Plan of Jiangsu, after it is approved by the current session, will give the people throughout the province a clearer fighting goal for the near future. We are convinced that as long as we continue to implement the party's principles and policies in the light of actual conditions in Jiangsu; carry out the current work with our long-range development in mind; build socialism in both its material and spiritual aspects; and struggle in unity to realize the splendid plan, the socialist undertaking in Jiangsu will advance with each passing day, our Seventh 5-Year Plan will certainly be fulfilled, and Jiangsu's economy will surely prosper!

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CSO: 4006/1034

## ECONOMIC PLANNING

### SHANXI PLANNING, FINANCE CHIEFS REPORT ON WORK

HK090117 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 8 May 86

[Excerpts] The fourth session of the Sixth Provincial People's Congress held its second full gathering on 8 May to listen to a report by (Wu Jinzhou), director of the provincial planning commission, on the draft plan for economic and social development in 1986, and a report by (Yan Yuansuo), director of the provincial finance department, on the final accounts for 1985 and the draft budget for 1986.

(Wu Jinzhou) said: The draft plan calls for total social output value this year to rise by 8 percent over 1985, national income to increase by 8.2 percent, and agricultural and industrial output value to rise respectively by 4 percent and 7.9 percent.

(Wu Jinzhou) stressed: We must vigorously promote agricultural diversification this year, under the premise of ensuring a steady increase in grain output, so as to invigorate the rural economy. In industry, we must maintain an appropriate growth rate on the basis of improving product quality and economic results. We must strictly control investment in fixed assets, and improve the structure and results of investment. At the same time we must do a good job of arranging supplies of best-selling products for the markets, further enliven the markets, and ensure basic price stability. We should also further expand external exchanges.

(Yan Yuansuo) said in his report: The growth of industrial production in Shanxi last year was relatively sound, and there was a synchronous rise in output value, sales, income, and profit and tax delivery. Despite serious natural disasters, the province achieved the third best harvest since the founding of the state.

He said: The main principle in arranging this year's budget is to correctly bring into play the functional role of finance and maintain steady growth in revenue on the basis of promoting the development of production and improvement in economic results.

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## ECONOMIC MANAGEMENT

### SHANGHAI PORT PLACED UNDER 'DUAL LEADERSHIP'

OW090557 Beijing XINHUA Domestic Service in Chinese 1414 GMT 8 May 86

[By reporter Feng Yizhen]

[Text] Shanghai, 8 May (XINHUA)--Beginning this year, Shanghai Port, the largest seaport in China, will be placed under a system of dual leadership--leadership by the Ministry of Communications and by the Shanghai Municipal Government--especially under the leadership of the Shanghai Municipal Government. A ceremony to change leadership was held in Shanghai today.

At the request of a leading comrade of the State Council, Zhao Weichen, deputy head of the State Council's leading group in charge of sea, land and air ports, presided over today's ceremony. Qian Yongchang, minister of communications, and Jiang Zemin, mayor of Shanghai, signed and exchanged the texts of the Protocol on the Change in the Administrative System of Shanghai Port.

Shanghai is one of the 10 largest seaports of the world, each handling over 100 million metric tons of cargo annually. It is also China's largest seaport handling domestic and foreign trade and an important center for river and sea transportation. Reforming the administrative system of Shanghai Port is an important decision of the central authorities. It serves as a major step in restructuring communications and transportation administration, as well as an important part of the project to restructure the entire economic system. The reform is aimed at giving Shanghai port greater decisionmaking powers to further revitalize its operation as an old seaport and to better serve production, foreign trade, and all provinces and municipalities along the Chang Jiang as well as various other parts of the country.

Following the reform, the Shanghai Port fiscal policy will be that of "supporting itself with its own resources." It will also expedite the reconstruction of the old port zone and the construction of a new port zone. Under Shanghai's general development plan, it will also intensify efforts to complete the various preliminary projects in developing the new port zone in order to solve once and for all the problem of port capacity not keeping up with objective needs.

After the ceremony, the Shanghai Harbor Administration of the Ministry of Communications was renamed "Shanghai Port Bureau," and the "Shanghai Bureau for the Supervision of Sea Security" of the Ministry of Communications" was established.

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## ECONOMIC MANAGEMENT

### JIANGSU'S GU XIULIAN ATTENDS INDUSTRIAL MEETING

OW071235 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 6 May 86

[Excerpts] The Ministry of Electronics Industry and the Jiangsu Provincial Government held a meeting on 6 May in Nanjing on placing some enterprises originally run by the ministry under the authority of the City of Nanjing. It was announced at the meeting that a total of seven enterprises originally run by the Ministry of Electronics will be placed under the authority of the City of Nanjing. The seven enterprises are: the Nanjing radio factory, the Changjiang machinery plant, the Nanjing telecommunications equipment plant, the Huadong electron tubes factory, the Xinlian machinery plant, and the Jinling radio equipment plant. They are large and medium-sized enterprises with fairly high technical standards and a solid foundation. They constitute the main force of Jiangsu's electronics industry.

In a joint circular, the Ministry of Electronics and the Jiangsu Provincial Government pointed out: With the transfer of the seven enterprises to Nanjing, the original pay scales and grades of the workers and staff will remain unchanged. The relevant departments and the City of Nanjing should delegate the necessary decision-making powers to the enterprises, and the enterprises should do a good job in establishing lateral economic and technical ties with other departments, areas, and trades on the basis of the principle of voluntary participation and mutual benefit and in effecting coordination with specialized departments.

(Qian Ming), deputy director of the Office of Industrial Streamlining Program for Inland Provinces under the State Council; Liu Jianfeng, vice minister of electronics; Gu Xiulian, governor of Jiangsu; and Zhang Yaohua, mayor of Nanjing, attended the meeting and made speeches.

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CSO: 4006/1032

## ECONOMIC MANAGEMENT

### JILIN AUTO ENTERPRISES JOIN CHANGCHUN ASSOCIATION

SK180320 Changchun Jilin Provincial Service in Mandarin 0930 GMT 15 May 86

[Text] Four local auto industrial enterprises in our province joined the auto industrial association of the No 1 motor vehicle plant.

Today, the auditorium of the guest house under the Changchun No 1 Motor Vehicle Plant was permeated with a joyful atmosphere. The Jilin City Auto Industrial General Company, the Changchun City Dongfeng Motor Vehicle Manufacturing Plant, the Changchun City Motor Vehicle Engine Plant, and the Changchun City Motor Vehicle Gear Plant joined the auto industrial association, which takes the Changchun No 1 Motor Vehicle Plant as the main body, and in which the economic cooperative system is being implemented. The joint agreement-signing ceremony was held at 1400. Responsible persons of the four enterprises joining the auto industrial association of the Changchun No 1 Motor Vehicle Plant, the chief of the Changchun No 1 Motor Vehicle Plant, the manager of the Changchun Motor Vehicle Industrial Company, and the mayors of Changchun and Jilin cities signed the agreements.

In his speech, (Geng Zhaojie), chief of the Changchun No 1 Motor Vehicle Plant, pointed out: The practice of the four enterprises in Jilin and Changchun cities in joining the auto industrial association of the Changchun No 1 Motor Vehicle Plant has provided us a very successful example. We should sum up and promote experiences gained in this regard and further consolidate and develop joint businesses.

Governor Cao Dezhan gave a speech at the signing ceremony. He said:

[Begin recording] The auto industry is our province's first major support industry and the most important industry among other heavy industries. A failure in grasping the auto industry in the course of grasping the economy of Jilin Province means a failure in grasping the economy itself. The Changchun No 1 Motor Vehicle Plant is the country's key motor vehicle producing enterprise. Its development, whether rapid or slow, has a vital bearing on the country's key construction projects and exerts a great influence on our province's economic development. In order to develop motor vehicle production, the



Changchun No 1 Motor Vehicle Plant has done much to develop lateral economic cooperation. Our province has also done much to organize lateral cooperation and set up support facilities for the No 1 Motor Vehicle Plant, and has a fairly good foundation in this regard. In order to establish further cooperation and to develop the auto industry, we called, last year, for efforts to establish cooperation between the army and the people and among all the people throughout the province. However, such cooperation is just a loosely-organized cooperation or a form of joint ventures. At present, on the basis of the original foundation, we should unceasingly deepen the cooperative work and march towards a higher level of cooperation along with the development of the current situation. This new type of economic cooperation has a pioneering nature. The cooperation has the following characteristics:

1. This is a practical and close cooperation different from other kinds of general cooperation. It is neither a loosely-organized cooperation nor a jointly-financed and cooperative operation. It is a change of subordinate relationships among the four enterprises in Changchun and Jilin Cities. The production, supply, sales, personnel, financial and material resources as well as the plans and channels of the four enterprises will be transferred to the No 1 Motor Vehicle Plant and be under its unified leadership, planning, management and operation.
2. This cooperation is really an economic cooperation of mutual benefit. It differs from the general amalgamation of plants or the taking over of enterprises. The four enterprises joining the auto industrial association of the Changchun No 1 Motor Vehicle Plant will have a relatively independent nature and the status of being a legal person. They will implement the independent accounting system in management.
3. It is a realistic enterprise-like economic cooperation. Enterprises joining the association will change their subordinate relationships and will be under the leadership of large key enterprises such as the Changchun No 1 Motor Vehicle Plant. Breaking the barriers between departments and regions will be conducive to separating the functions of the government from those of enterprises and adhering to the correct orientation of reforms. Through this cooperation, we will greatly promote the province's lateral cooperation. Our general demands for this work are to unify thinking, to have a vigorous attitude, to accelerate the pace, to do steady and reliable work, and to yield actual results. [end recording]

(Wang Jiatong), acting mayor of Changchun City, Wu Cuangcai, mayor of Jilin City, and (Cai Shiting), deputy manager of the (?China Motor Vehicle Company) also gave speeches at the signing ceremony.

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CSO: 4006/1032

## ECONOMIC MANAGEMENT

### XINJIANG TO PUT MORE GOODS UNDER MARKET REGULATION

HK141530 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 12 May 86

[Roundup: "Develop Lateral Economic Ties, Enliven Goods Circulation"]

[Excerpts] Over the past few years, the state has reformed goods supply methods, reduced the types and proportions of goods distributed by the state in a unified way, and put more goods under market regulation. According to statistics, the types of goods distributed by the state in a unified way have reduced from 465 to 23. Of all the goods distributed to the region by the state in the past, 35 percent have now been put under market regulation. Therefore, catering to the market, developing lateral ties in goods circulation, and enlivening goods supply are very important new problems which goods supply departments at all levels now face.

Over the past two years, goods supply departments in the region have done a lot of work developing lateral ties and strengthened the role of market regulation in goods supply, achieving some results.

We must earnestly sum up and study the new situation and new problems in markets; further break the barriers between areas, departments, and trades; attract extensive commercial, foreign trade, goods supply units and production enterprises to take part in the purchase and sale activities of trading centers so that they can coordinate goods supply, jointly exploit natural resources; and reasonably readjust goods circulation.

In short, provided that we act upon objective economic laws, base ourselves upon the market, cater to society, and extensively develop lateral ties in circulating goods, we can definitely enliven goods circulation in the region and ensure the supply of goods needed in the various economic constructions in the region.

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## ECONOMIC MANAGEMENT

### GANSU CPC, GOVERNMENT VIEW URBAN ECONOMIC REFORM

HK051352 Lanzhou GANSU RIBAO in Chinese 22 Apr 86 p 1

[Report: "Provincial CPC Committee and Government Put Forward Opinions on Arrangements for This Year's Urban Economic Structural Reform"--capitalized passages published in boldface]

[Text] Recently, the provincial CPC committee and provincial government put forward "opinions on arrangements for urban economic structural reform in 1986," urging various localities throughout the province to do well in "consolidating, digesting, supplementing, and improving" on the basis of reform over the past 2 years, to continue to grasp the key link of invigorating the enterprises, to place emphasis on enlivening large and medium-sized enterprises, to expand lateral economic ties, and to create conditions for further deepening reform to promote sustained, stable, and coordinated economic development of the whole province.

The opinions on arrangements put forward by the provincial CPC committee and provincial government cover the following six aspects:

1. WE SHOULD EXERT GREAT EFFORTS TO REINVIGORATE ENTERPRISES, LARGE AND MEDIUM-SIZED ENTERPRISES IN PARTICULAR. We should truly deepen comprehensive reform inside enterprises. Instead of depending upon external assistance and asking the higher authorities for power, our policy should be based on the efforts of enterprises. Enterprises should do well in their internal reform and in tapping their own potentials. Instead of carrying out unitary reform, they should shift their efforts to carry out comprehensive and systematic reform and enliven their various "cells." Instead of paying attention only to their short-term results and the immediate interests of workers and staff members, enterprises should pay more attention to their long-term interests and strengthen their staying power. Instead of locking their doors against the outside world, they should implement an open policy. Instead of imitating others, they should proceed from actual conditions and select their own breakthrough points for reform. 1) They should further improve responsibility system of factory directors (managers), and pursue an administrative and responsibility system covering targets during the term of service of factory directors (managers). 2) They should carry out administration by different levels and delegate power, and rationally define small accounting units. 3) They should improve internal distribution systems, further overcome the practice of "eating from the same big pot," and closely link responsibility, power, and interests. 4) Reform of enterprises should be closely integrated

with business management and technical reform. In the meantime, good external conditions and environment should be created in various aspects in order to reinvigorate enterprises.

2. WE SHOULD TAKE A BIG STEP IN EXPANDING LATERAL ECONOMIC TIES. We should fulfill or overfulfill the targets set in the 3-year plan of the province concerning the expansion of product manufacturing, further develop various transregional and transdepartmental production factors, and cooperation in various fields, and improve multichannel, multilayered, and multiform ties. We should follow a down-to-earth manner to help enterprises solve their practical problem of expanding lateral economic ties, and straighten out various relations. The province will continue to implement a policy of giving preferential treatment to, and supporting, enterprises that expand their lateral economic ties.

3. WE SHOULD OPEN UP VARIOUS KINDS OF MARKETS AND ENLIVEN CIRCULATION. We should continue to expand the consumer goods market and improve the market of agricultural goods in both urban and rural areas. In localities in which conditions exist, efforts should be exerted to gradually establish well the technology market, labor affairs market, transport market, building construction market, and housing market, with emphasis on the experiment in the reform of the market of means of production and capital market. We should also do well in commercial reform in towns and cities.

4. WE SHOULD CONTINUE TO IMPROVE THE PRICE SYSTEM AND DO WELL IN WAGE REFORM. With regard to price reform, we should adopt a prudent policy. Our emphasis should be placed on improving measures of reform, which have been adopted, so that various quarters will gradually conform with the new situation. Price reform of the means of production should be beneficial to stabilizing prices of goods required by key construction projects, and industrial consumer goods. Regarding the prices of industrial goods needed by people in their daily life, we should adopt the methods of reducing production costs and consumption, enhancing economic results, and promoting self-digestion [zi wo xiao hua 5261 2053 3194 0553] to overcome the factors of price increase. We should continue to carry out wage reform. To gradually straighten out wage relations, we should appropriately carry out experiments in comprehensive reform of our labor system, insurance system, labor protection system, and staff training system.

5. WE SHOULD ACTIVELY PROMOTE THE EXPERIMENTS IN SOME SELECTED CITIES IN CARRYING OUT COMPREHENSIVE REFORM TO GIVE PLAY TO VARIOUS FUNCTIONS OF CITIES, AND ADVANCE THE DEVELOPMENT OF PLANNED COMMODITY ECONOMY. According to our province's existing arrangements, we should actively promote the experiments in comprehensive reform in Lanzhou, Tianshui, Baiyin, and Wuwei, and take positive measures to make exploration aimed at preeminent reform. We should also provide experience in improving measures for reform.



6. WE SHOULD CONTINUE TO STREAMLINE ADMINISTRATION AND DELEGATE POWER, CHANGE THE FUNCTIONS OF GOVERNMENT DEPARTMENTS, AND IMPROVE MACROSCOPIC CONTROL.

Economic administrative departments of the government should continue to streamline administration and delegate power; do well in reform in terms of guiding thinking, work style, organization, and system; and their functions should be gradually shifted to planning, coordination, supervision, and service. We should strengthen management of enterprises and exercise indirect control over them. In accordance with the principle of separating the function and responsibility of government from those of enterprises, we should continue to create conditions to transfer enterprises formerly owned by the government to the lower level to actively promote the establishment of the indirect management system. To make preparations for carrying out structural reform and streamlining administration in the future, the relevant departments should continue to do well in conducting investigations and studies.

In the opinions on arrangements, the provincial CPC committee and provincial government finally urge the departments concerned to strengthen leadership, vigorously promote coordination, cooperate with each other closely, and do their work in a down-to-earth manner to constantly promote the reform of the economic system.

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CSO: 4006/1032

## ECONOMIC MANAGEMENT

### SOUTHERN XINJIANG HOLDS FORUM ON GETTING RICH

HK150701 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 13 May 86

[Excerpts] Between 5 and 11 May, the three prefectures and autonomous prefecture in southern Xinjiang held a forum in Kashi on eradicating poverty and getting rich. The forum urged all cadres and masses of the three prefectures and autonomous prefecture to unite in striving for achieving the goal of eradicating poverty and getting rich.

Wang Enmao, vice chairman of the national CPPCC and chairman of the regional advisory committee; Song Hanliang, Tomur Dawamat, Janabil, and other leading comrades of the regional party, government, military, and the production-construction corps; responsible comrades at the prefectural, autonomous prefectural, county, and city levels of Kashi, Kizilsu, and Hotan prefectures and autonomous prefecture; as well as responsible comrades of the region's relevant departments, committees, offices, and bureaus, attended the forum.

Also present were leading comrades of the State Nationalities Affairs Commission and the Ministry of Water Resources and Electric Power, as well as leaders and experts of the scientific investigation team under the Chinese Academy of Science.

Focusing on the issue of helping southern Xinjiang promptly eradicate poverty and get rich, the forum held a comprehensive and lively discussion.

There is now wide gap between the living standards of the people living in the three prefectures and autonomous prefecture and the average level of the region's living standard.

The participating comrades held: Though southern Xinjiang faces problems in the areas of developing the economic and other undertakings, the area still has many favorable conditions. Provided that we make full use of them, we shall certainly achieve the goal of getting rich and invigorating the economy of southern Xinjiang.

On the base of seeking and heightening common understanding, the forum decided that we should do well in the following tasks in the course of casting away poverty and getting rich:

First, we must educate the cadres and masses on establishing the thinking of self-reliance and struggling hard. We must take it as the guiding ideology for the work of eradicating poverty and getting rich.

Second, we must give play to the advantages of various places, and readjust well the production structure.

Third, we must unremittingly tackle the work of farmland capital construction, which focuses on water conservancy, and constantly improve the production conditions as well as the environment for production.

Fourth, depending on the advancements of science and technology, we must take the road of economization. Poor areas must use science and technology to end the situation of reaping small harvests despite comprehensive cultivation, and having poor economic results. They should also abandon the method of raising livestock by simply depending on the weather.

Fifth, we must greatly develop town and township enterprises, which should be based on the industry of processing farming tools. In connection with this, we should also develop such service industries as packaging, storage, transport, and marketing. We should also develop tertiary industry.

At the closing session, Wang Enmao, Song Hanliang, Tomur Dawamat, Janabil, and other leading comrades made speeches. In their speeches they urged the cadres and masses of southern Xinjiang to be united, to enhance their revolutionary vigor, to struggle hard, and to strive to get rich during the Seventh 5-Year Plan period.

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## ECONOMIC MANAGEMENT

### BRIEFS

**HENAN ECONOMIC ISSUES**—On 10 May, the provincial government summoned responsible comrades of prefectures and cities to discuss current economic work. Governor He Zhukang and vice governors Zhang Zhigang, Qin Kecai, Hu Tingji, Hu Tiyun, Liu Yujie, and Zhao Zhengfu attend. He Zhukang called on everyone to take an all-round and systematic view of the province's economic situation. Generally speaking this situation is very good, but there are also certain difficult problems, mainly in the following respects: 1) The state of industrial production is not good enough; 2) in rural work there are problems of ineffective information, failure of readjustment measures and comprehensive services to keep abreast of needs, and [words indistinct]. At present, while continuing to get a good grasp of rural work, we must grasp industrial production as an important task. All areas and departments must brace their spirits, persevere in reform, and get rid of slackness and fear of difficulties. We must get a good grasp of management and consolidate the fruits of reform. [Excerpts] [Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 13 May 86] /8309

CSO: 4006/1032



## FINANCE AND BANKING

### XIZANG REGIONAL TAXATION WORK CONFERENCE ENDS

HK141231 Lhasa Xizang Regional Service in Mandarin 1130 GMT 10 May 86

[Text] The regional taxation work conference concluded in Lhasa on 9 May. This conference was the largest of its kind since the peaceful liberation of Xizang. The main subjects of the conference were to implement the spirit of the enlarged meeting of the Standing Committee of the regional CPC committee, further correct people's guiding thought on taxation work, sum up the experiences in taxation work over the past few years, revise and formulate policies and regulations on taxation work, and arrange taxation work for 1986. Through the conference, taxation personnel in the region have deepened their understanding of the role and position of taxation work in the region's economic construction.

Puquin, vice chairman of the regional people's government, briefed the conference on the political and economic situation in the region and highly valued the region's taxation work over the past few years. He demanded that all taxation personnel further eliminate leftist influence, correctly understand and bring into full play the role of taxation work as an economic lever, and reasonably readjust the region's taxation policies, so as to meet the region's real situation and serve the purpose of peasants and herdsmen getting rid of poverty and becoming better off.

The vice chairman expressed the hope that governments at all levels will strengthen their leadership over taxation work and support the work done by taxation departments. The participants earnestly discussed Puquin's speech and raised valuable suggestions on concrete methods and policies for improving taxation work.

The conference commended advanced collectives and individuals in the region's taxation field. A proposal written by the advanced collectives and individuals to all comrades on the region's taxation front was read at the conference.

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## FINANCE AND BANKING

### BRIEFS

**QINGHAI ENTERPRISES' CAPITAL NEEDS**—The province's financial sector has worked hard to improve macroeconomic control and to make the best use of funds, and has solved the enterprises' normal and reasonable capital needs in a down-to-earth manner and in order of importance and urgency. Compared to the same period last year, industrial loans granted in the first quarter this year increased by 76.8 percent, thereby promoting industrial development. In the first quarter this year, the province's contradiction between demand and supply of capital was rather prominent. In order to meet the enterprises' normal and reasonable capital needs, various banks appropriately granted loans while strengthening macroeconomic control, thereby basically ensuring the funds for the enterprises' normal production and circulation. By the end of the first quarter, loans granted by banks increased by some 147 million yuan compared to the figure at the beginning of this year. This included an increase of 99 million yuan in industrial loans and construction enterprises' circulation fund loans compared to that at the beginning of this year. According to the statistics of the provincial industrial and commercial bank, for steel, cement and coal industrial enterprises alone, the bank increased the amount of loans by 75 million yuan for importing raw materials. [Text] [Xining Qinghai Provincial Service in Mandarin 2230 GMT 7 May 86] /8309

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## FOREIGN TRADE AND INVESTMENT

### NORTHEAST CHINA EXPORTS POWER PLANT EQUIPMENT

OW291229 Beijing XINHUA Domestic Service in Chinese 0112 GMT 28 Apr 86

[Excerpts] Harbin, 28 Apr (XINHUA)--An electrical machinery economic and technical group from northeast China, which was formed through eliminating contradictions between higher and lower levels and between departments and regions, has consolidated the superiority of individual products of various enterprises into that of complete sets of equipment, forming China's first enterprise group for exporting large power plant equipment.

In 1983, 38 enterprises, most located in northeast China, freed themselves from restrictions imposed by different departments and regions to jointly set up the Harbin Complete Power Plant Equipment Company, a northeast China electrical machinery economic and technical group aimed at supplying complete sets of power plant equipment. The company contracts to supply equipment for thermal, hydroelectric, and nuclear power plants in China and in foreign countries, and then subcontracts production work to enterprises under it. By doing so, it is able to provide a package service to customers, which includes electrical engineering design; equipment manufacturing, supply, and installation; ground work for power plants; and other technical matters, thereby doing away with various malpractices which had long existed. Currently, the company can produce more than 90 percent of the power plant equipment it contracts to supply.

In 1983, the company was awarded a contract to supply (Kudu) Power Station in Pakistan with 210,000-kilowatt power plant equipment, enabling China to export large power plant equipment for the first time. The power station was put into operation ahead of schedule in early February, winning a good reputation for China's power plant equipment on the international market. Currently, the company is bidding for projects at the (Jamushiaoro) Power Station in Pakistan, the (Katlan) Power Station in Turkey, and power stations in Bangladesh and Iraq, striving to expand the international market for China's power equipment.

The company also organized enterprises under it to actively expand their capability to produce nuclear power plant equipment. After undergoing a short-term technical renovation, the company will be able to produce nuclear power plant equipment amounting to 1 million kilowatts annually.

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## FOREIGN TRADE AND INVESTMENT

### YUNNAN INCREASES FOREIGN EXCHANGE EARNINGS

HK021344 Kunming YUNNAN RIBAO in Chinese 19 Apr 86 p 1

[Report by Lu Jianhua [7120 1696 5478]: "Our Province's Foreign Exchange Earnings From Exports Last Year Exceeded \$120 Million"]

[Text] According to reports from the provincial Economic and Trade Department, the foreign trade departments in our province have, through energetically carrying out reforms, basically put an end to the situation in the past few years in which the foreign exchange earned from exports fluctuated around \$100 million. Last year, the foreign exchange earned from exports was \$129 million, which was 140.8 percent of the state plan for our province and 15.8 percent over the previous year.

According to reports, of the nearly 300 kinds of export commodities of the province, 24 earned over \$1 million each. They included buckwheat, beans, bamboo shoots in salt water, cotton yarn, textiles, garments, black tea, puer tea, walnut kernels, dried peppers, geranium oil, rosin, cured tobacco, pseudo-ginseng, bark of fagus longipetiolata, work gloves, tin, antimony, machine tools, yellow phosphorus, calcium, magnesium, and phosphorus fertilizers, and so on. Foreign exchange earned by exported tobacco (including cured tobacco and cigarettes), tin (including refined tin and soldering tin), and tea (including black tea and puer tea) was \$72.02 million, accounting for 56 percent of the total foreign exchange earned by the province from exports.

There are three main reasons why the foreign trade departments in our province could attain such relatively great achievements last year:

--The foreign trade departments energetically carried out reforms, completely removed the restrictions of the circulation structure in procuring export commodities that had only "one plan, one channel, and one price." They directly participated in market regulation. Last year, in accordance with actual situations and through making calculations, the provincial tea import and export company fixed competitive prices, correctly made use of economic levers, and participated in market regulation. In March last year, in view of the price rise of raw materials for tea factories, the company raised the average producer price of export tea by 7.13 percent on the basis of the contract price. Last year, this company exported more than 5,500 tons of tea, reaching an all time high. The sum of commodities directly procured from the market for export



by foreign trade departments of prefectures and counties throughout the province accounted for about 40 percent of the total procurement value.

--Foreign trade enterprises universally implemented the economic responsibility system and the post responsibility system, thus putting an end to the practice of "eating out of the same big pot" in enterprises and among the workers and other employees, and arousing the enthusiasm of workers and other employees. The Qujing prefectural company and most county (city) companies established one after another the contracted economic responsibilities system last year and their annual procurement value reached over 21 million yuan, an increase by a big margin over that of the previous year.

--Foreign trade departments at all levels paid attention to building export commodity bases and special factories (mines) in their vigorous efforts to boost export commodity production. Some of them energetically provided information, helped develop new products, made great efforts to promote sales of products of enterprises, and peasants and others provided financial, material, and technological support.

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## FOREIGN TRADE AND INVESTMENT

### XIAMEN JOINT VENTURES LACK SUFFICIENT INVESTMENT

HK050809 Beijing ZHONGGUO XINWEN SHE in Chinese 0222 GMT 3 May 86

[Report by reporter Zhuang Nuo [8369 6169]: "Some Xiamen Joint Venture Enterprises Lack Sufficient Investment"]

[Text] Xiamen, 3 May (ZHONGGUO XINWEN SHE)--In some of the Chinese and foreign joint venture enterprises in the Xiamen Special Zone, the capital actually paid is much less than that registered; this has already roused the attention of the relevant departments.

According to a recent survey of 94 Chinese and foreign joint venture enterprises by the Xiamen City Auditing Administration, the registered capital of these enterprises totals 1,015 million yuan, but their actually paid capital is only 445 odd million yuan. Both the Chinese and foreign parties to the joint ventures have only paid on average of 44 percent of the capital that they have undertaken to pay. The enterprises of joint investment under the investigation include those engaged in industry, commerce, real estate, construction and decoration, tourism, transport, animal breeding, and service trade. The lack of paid capital has to some extent affected the turnover of funds in these enterprises.

The survey has also discovered that the 130 enterprises of Chinese-foreign joint and cooperative venture, only 19 have had their capital audited, while 111, or 85 percent, of the enterprises have not had their capital audited. Without the auditing of capital by certified Chinese accountants, we will not be able to effectively supervise the various parties concerned and urge them to pay the capital in a timely manner.

The Xiamen Auditing Administration has also found through the survey that 82 Chinese-foreign joint venture enterprises have violated the regulations concerning the accounting system of Chinese-foreign joint ventures. Their accounting statements for last year show that they failed to assign accounting firms to audit their accounts before they distributed their profits. The relevant department pointed out that these problems that had not cropped up in our Chinese-foreign joint ventures are detrimental to the development of these joint ventures.

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## SPECIAL ECONOMIC ZONES

### SHENZHEN FEDERATION OF INDUSTRY, COMMERCE SET UP

HK290801 Beijing ZHONGGUO XINWEN SHE in Chinese 1448 GMT 28 Apr 86

["Li Hao Says the Shenzhen Federation of Industry and Commerce Will Become a Link Between the Mainland and Traveling Businessmen"--ZHONGGUO XINWEN SHE headline]

[Text] Shenzhen, 28 Apr (ZHONGGUO XINWEN SHE)--At the inauguration ceremony of the Shenzhen Federation of Industry and Commerce today, Shenzhen Mayor Li Hao said that the Shenzhen Federation of Industry and Commerce will become an influential mass organization in Shenzhen and a link between the mainland and compatriots residing abroad, as well as industrialists and businessmen in Hong Kong, Macao, and Taiwan.

Of all the federations of industry and commerce in various parts of China, the Shenzhen Federation of Industry and Commerce has the largest number of investors. Eighty-three of its 120-odd members are Hong Kong businessmen or overseas Chinese investors; 3 of its 6 vice presidents are Hong Kong businessmen. Henry Fok, president of the Hong Kong General Chamber of Commerce, and over 100 Hong Kong businessmen attended the inauguration meeting of the Shenzhen Federation of Industry and Commerce.

Li Hao said: It is hoped that after its founding the Shenzhen Federation of Industry and Commerce will extensively contact friends in the industrial and commercial circles in Hong Kong, Macao, and Taiwan and among overseas Chinese, as well as foreign industrialists and businessmen, understand and reflect their views, help the relevant authorities develop cooperation with them, run enterprises well, and gradually carry out consultant services, such as training personnel for industrial and commercial enterprises and providing industrial and commercial information.

Shao Junyan, president of the Shenzhen Federation of Industry and Commerce, said that in the future the federation will recruit a large number of industrialists and businessmen from Hong Kong, Macao, and Taiwan and among overseas Chinese who invest in Shenzhen, as well as Shenzhen industrialists and businessmen now residing in Hong Kong, Macao, and Taiwan.

It is reported that there are now more than 3,000 enterprises wholly financed by businessmen from outside the country and Chinese-foreign joint ventures and cooperative enterprises.

## LABOR AND WAGES

### HEILONGJIANG MODEL WORKERS MEETING HELD

SK300927 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 29 Apr 86

[Report on opening of the provincial model workers representative meeting held in Harbin on 29 April--with portions recorded]

[Excerpts] This afternoon, the Sixth Heilongjiang Provincial model workers representative meeting was ceremoniously held in Harbin City. This afternoon, the Harbin Worker's Cultural Palace was colorfully decorated for the festival. Several hundreds of youths and children, holding flowers and colored streamers in their hands, sang and danced to welcome the model workers representatives who came to attend the meeting. Greeting the model workers representatives outside the meeting hall were leaders of the provincial CPC committee, the provincial People's Congress, the provincial government, and the provincial CPPCC committee, including Chen Yunlin, Zhang Xiangling, Lu Guang, Liu Zhongli, and Bao Zong. They warmly shook hands with the model workers representatives. With the approval of the provincial government, 1,194 people were named model workers of the province, 52 units advanced enterprises, and 196 units advanced collectives. The last provincial model workers representative meeting was held in May 1980.

The meeting was formally opened at 1500. Hou Jie, deputy secretary of the provincial CPC committee and governor, presided over the meeting.

After listening to a congratulatory message given by the young pioneers, Wang Jun, vice chairman of the provincial People's Congress Standing Committee, announced the decision of the provincial People's Congress Standing Committee on naming the provincial special-grade model workers. Du Xianzhong, secretary general of the provincial government, announced the decision of the provincial government on naming the provincial model workers, and the provincial advanced enterprises and collectives. Chen Youyi, director of the provincial Trade Union Council, announced the namelist of winners of the province's 1 May labor medals on behalf of the All-China Federation of Trade Unions. Sun Weiben, secretary of the provincial CPC Committee, said: [Begin Sun Weiben recording]

All representatives: You are the meritorious workers in the four modernizations from all fronts throughout the province, as well as the examples for emulation by the broad masses of people. First of all, let me extend high respects to you and warm regards to the broad masses of workers on all fronts and the



working people throughout the province on behalf of the Heilongjiang Provincial CPC Committee and the Heilongjiang Municipal People's Government. [end recording]

In his speech, Sun Weiben reviewed the province's political and economic situations and highly praised the model workers for their outstanding contributions to the two civilizations. Sun Weiben said: The recent Fourth Session of the Sixth NPC discussed and adopted our country's Seventh 5-Year Plan. Comprehensively fulfilling the Seventh 5-Year Plan is a heavy task entrusted to us by the era. Sun Weiben called on the broad masses of workers to contribute to realizing the Seventh 5-Year Plan. He said:

[Begin recording] The provincial CPC Committee and government hope that all model workers and advanced collectives will unite as one, and lead the broad masses of workers and staff members from all fronts in actively responding to the call of the party, the state and the province, and will actively go into action to extensively carry out the socialist labor emulation drive and to offer plans and exert efforts to fulfill the Seventh 5-Year Plan and to make contributions.

First, it is necessary to deeply study and implement the guidelines of the Fourth Session of the Sixth NPC. Leaders at all levels and model workers should lead the broad masses of workers and staff in conscientiously studying and deeply understanding the essence of the document guidelines, and should enhance understanding, reinforce confidence, boost fighting will, and clearly define the tasks. Furthermore, leaders and model workers should also integrate the development and construction plans of their own units and localities with their own work in an effort to fulfill or overfulfill their production tasks. Through enhancing their initiative in reform and construction, they should strive to eliminate blind actions, and to create a new situation in fulfilling the Seventh 5-Year Plan.

Second, it is necessary to care for and support reforms, and stand in the vanguard of reform. All our achievements scored in the Sixth 5-Year Plan period fundamentally came from reforms. The key to fulfilling the Seventh 5-Year Plan still lies in reform. Only by persisting in reform can we install vigor and vitality into our socialist construction cause and accelerate the development of the socialist productive forces. We should deepen our understanding of reform, reinforce our confidence in reform, display the spirit of daring to explore and to blaze new trails, and do a good job in the reforms of our own departments, units, and fronts, thus promoting the deep and healthy development in reform.

Third, it is necessary to vigorously contribute to vitalizing enterprises and raising economic results. In his Seventh 5-Year Plan Premier Zhao emphatically pointed out that under the new situation in which we are comprehensively carrying out reforms, all enterprises should enhance their sense of quality and economic results, their sense of catering to market and social needs, and the sense of contributing to making the country prosperous and strong

and the people happy; continue to improve operation and management; and raise economic results. Otherwise, they will be eliminated by the trends. We should deeply understand this problem, and realistically and organically integrate the destiny of enterprises with our immediate interests in the production process, and manage enterprises and our own work with an attitude of being masters of the state. All fronts throughout the province should proceed from the reality; carry out all forms of the socialist labor emulation drive; fully display the key and vanguard role of model workers and advanced personages; foster the advanced, learn from, and catch up with the advanced; create more advanced units and foster more model workers and advanced personages in the province; and lead the broad masses of people in making great contributions to the two civilizations.

Fourth, it is necessary to study politics, culture, [word indistinct] and to improve our skills in serving the four modernizations. Our model workers should rally around the broad masses of workers and staff members; fully use all opportunities to study politics, culture, and technology; enhance their political, cultural, and professional expertise; and unceasingly improve their skills in serving the four modernizations and the people.

Fifth, it is necessary to consciously observe law and discipline, and resolutely resist and oppose all unhealthy trends. Our broad masses of workers and staff members should keep the true qualities of the laboring people. First, they should consciously observe the party and state policies, decrees, as well as the regulations and systems of their departments and enterprises, and be models in observing discipline and law. By no means should they follow the tide. Second, they should actively expose and report all kinds of criminal activities to the authorities, and resolutely struggle against them. In the course of checking unhealthy trends, we should also pay attention to drawing clear lines of demarcation in applying a policy in order to accurately and effectively check unhealthy trends and to ensure the smooth progress in reform and construction.

Comrades, the provincial CPC Committee and government are firmly convinced that the model workers and advanced collectives will take root, blossom, and bear fruit in every corner of Heilongjiang like seeds. Let us promote the spirit of the foolish old man who removed the mountain under the leadership of the party, unite as one, work with one heart and one soul, and exert efforts to realize the Seventh 5-Year Plan. [end recording]

After Sun Weiben's speech, the meeting participants unanimously adopted a letter of proposal for all workers throughout the province.

Attending today's meeting and sitting on the rostrum were responsible comrades of the provincial and Harbin City party, government, and army organs as well as of mass organizations, including Sun Weiben, Chen Lei, Hou Jie, Li Genshen, Chen Yunlin, Liu Chengguo, Zhou [name indistinct], Wang Yusheng, Wang Ochen, Zhu Dianming, Bai Jingfu, Huang Feng, Zhang Xiangling, Zhang Lin, Chen Yuanzhi, Lu Guang, Wei Zhimin, Wang Jinling, Wang Pili, Wang Zhaozhi, Wang Jun, Zhao Zhenhua, Zhang Ruoxian, Liu Zhongli, Jing Bowen, Li Rui, Bao Zong, Yang Zirong, Tang Liandi, Wang Weizhi, Guo Shouchang, Li Min, Huang Dexin, Fu Shiyang, Hong Jing, Ma Xinquan, Xie Yong, Sha Zhao, Du Xianzhong, Zhang Li, Chen Youyi, (Shi Qing), and Hou Xuyu.

## LABOR AND WAGES

### BRIEFS

**BRAZIL WORKERS' DELEGATION**--Yesterday evening, at the Cadres' Club, Ni Zhifu, director of the All-China Federation of Trade Unions and secretary of the Tianjin Municipal CPC Committee, received the delegation of the Brazil Federation of Industrial Workers, headed by its director Hesai Kalisiduo, and held a cordial discussion with them. After the reception, responsible persons of the Tianjin Municipal Trade Union Council hosted a banquet in honor of Hesai Kalisiduo and his entourage. The delegation of the Brazil Federation of Industrial Workers arrived in Tianjin on 21 April for a visit at the invitation of the All-China Federation of Trade Unions. The delegation visited Xingang Harbor, the International Seamen's Club, and the No 6 Cotton Textile Mill. Where the delegation went, it was warmly welcomed by the people. Responsible comrades of the Tianjin Municipal Trade Union Council briefed the delegation on the role played by the municipal Trade Union Council in reforming the economic structure. [Text] [Tianjin TIANJIN RIBAO in Chinese 23 Apr 86 p 3] /8309

**SHANGHAI LEADERS ATTEND WORKERS MEETING**--The cheers of jubilant crowds mingled with music filled the Culture Square in Shanghai on the afternoon of 12 May. A meeting of Shanghai model workers for 1985 was ceremoniously held here. Leading comrades of the Shanghai Municipal CPC Committee, the Municipal Advisory Commission, the municipal Discipline Inspection Commission, the Standing Committee of the Municipal People's Congress, the Municipal Government and the Municipal CPPCC Committee, including Rui Xingwen, Jiang Zemin, Chen Guodong, Hu Lijiao, Wang Daohan, Huang Ju, Zhang Dinghong, and (Liang Shihua), attended the meeting. Vice mayor Ni Tianzeng presided over the meeting. On behalf of the Shanghai Municipal CPC Committee and Government, Comrade Jiang Zemin extended warm greetings to the model workers. [Excerpts] [Shanghai City Service in Mandarin 0000 GMT 13 May 86] /8309

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## TRANSPORTATION

### BRIEFS

LIUZHOU RAILROAD BUREAU SUCCESSES--At a press briefing this morning, Chen Kejie, director of the Liuzhou Railroad Bureau, said that the bureau scored notable success during the Sixth 5-Year Plan and fulfilled its target 1 year ahead of schedule. In 1985, the bureau increased its transport revenue by 25 percent compared with 1984, while profit rose by 19 percent, profit and tax delivery to the state increased by 16 percent, and transport labor productivity rose by 13 percent. The bureau outperformed all other railroad bureaus in the country in these four aspects. The bureau also ranked second in the whole country in passenger and freight turnaround and in accident-free days. During the Seventh 5-Year Plan, the railroad bureau will increase transport capacity, carry more freight, and run more passenger trains through launching overall contract activities. It will ensure that railroad transport will provide better service for invigorating Guangxi's economy. [Excerpts] [Nanning Guangxi Regional Service in Mandarin 1000 GMT 17 May 86] /8309

CSO: 4006/1032



ECONOMIC CONFERENCE WITH SAUDI ARABIA BEGINS

OW011049 Taipei CNA in English 0942 GMT 1 May 86

[Text] Taipei, 1 May (CNA)--The Ninth ROC [Republic of China] -- Saudi Arabia economic and technical cooperation conference opened in Taipei Thursday morning with the Saudi side calling for greater ROC participation in the kingdom's fourth 5-year development plan.

The meeting was jointly presided by Economics Minister Lee Ta-hai and Shaykh Muhammad Aba al-Khayl, Saudi minister of finance and national economy.

The conference is divided into five panels: technical cooperation, science-technology, finance, industry and trade.

Speaking at the opening ceremony, the Saudi minister said the present meeting marks more than a decade of "fruitful cooperation" between the two nations and underlines their "ongoing commitment to a strengthening of the traditional ties of friendship."

The shaykh recalled that Saudi Arabia had just completed its first 5-year plan when the initial agreement for economic and technical cooperation was signed 10 years ago.

"Today, in 1986, we are almost into the second year of our fourth 5-year plan, and can boast an economy which is fully equipped with a sound basic infrastructure, effective financial and administrative institutions and some very sophisticated export-oriented industries," he said.

In the fourth development plan, the Saudi minister said, the country is especially concerned with technology transfer and economic diversification.

"To this end," he added, "joint ventures have been designated as the main vehicle within the private sector for investment and industrial diversification."

The Saudi dignitary reminded his audience that his country remains one of the world's largest markets even with weaker oil prices.

While stressing governmental cooperation, he said Saudi Arabia also hoped to arouse Chinese interest in private sector joint ventures in the country that can help its middle-sized businessmen play a more effective role in the country's overall economy.

ECONOMIC GROWTH REPORTED UP IN FIRST QUARTER

OW300459 Taipei CNA in English 0315 GMT 30 Apr 86

[Text] Taipei, 30 April (CNA) -- With buoyant foreign trade, high industrial production, strong investment willingness, and in-pouring orders, the ROC's [Republic of China's] economic growth rate for the first quarter of this year reached 6.98 percent, and a further upward swing is expected, according to the Ministry of Economic Affairs [MOEA].

Meanwhile, owing to the appreciation of European currencies and the Japanese yen against the U.S. dollar, to which the NT [New Taiwan] dollar is pegged, Taiwan-made products have gained a stronger competitive edge in foreign trade. As a result, the equipment utilization rates for local manufacturing sectors have risen to 77.6 percent in March while the inventory for finished products has dropped to a moderate 62.5 percent.

Other economic indexes reveal that the ROC's economic performance in the first quarter include:

-- Import and export sales in the period totalled U.S. dollars 13.7 billion, up 13.9 percent over the same period a year earlier. Exports were U.S. dollars 8.38 billion, up 18.3 percent, and imports were U.S. dollars 5.33 billion, up 7.5 percent.

-- The gross national product (GNP) for the first quarter was NT dollars 620.6 billion, up 7.4 percent over the figure for the first quarter of 1985. The per capita GNP was U.S. dollars 825, 5.9 percent higher than the same period last year.

-- The output of industrial products advanced 7.6 percent, while the labor productivity of the manufacturing sector increased some 6.8 percent over 1985's first quarter record.

-- The gross fixed capital formation was 5.32 percent higher than the record a year earlier, among which machinery equipment investments increased 17.49 percent, investments in transportation equipment decreased 17 percent, and construction industry investments grew 2.5 percent. Investments by government agencies during the period increased 13.5 percent while investments by public-owned enterprises grew 13.2 percent.

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CSO: 4020/312

COMMENTARY: AUTOMOBILE INDUSTRY NO THREAT TO U.S.

OW052317 Taipei International Service in English 0200 GMT 4 May 86

[Station Commentary]

[Text] Vincent Siew, the Republic of China's top trade official, said yesterday that the export ratio requirement the ROC Government has set on foreign-invested car plants in Taiwan will have no adverse effect on the American auto industry and should not be viewed as an unfair trade practice. He was commenting on reported U.S. concern that the export ratio requirement set for the joint-venture between Japan's Toyota Motor Company and the Kuo Chi Motor Company in Taiwan will adversely affect the American car makers.

Siew, who has a task force set up to deal with the question, said: The Kuo Chi-Toyota Agreement is not in violation of the General Agreement on Tariffs and Trade. He pointed out that the export ratio requirement will actually be beneficial to American interests in Taiwan. If the ROC Government did not insist that a certain percentage of Toyota's production in Taiwan be exported, the American-invested Ford-Liuhc Company would probably be the first to suffer from raging competition from Toyota. Furthermore, the export ratio requirement in the Toyota-Kuo Chi joint venture can hardly be directed against the U.S. The reason is very simple. Toyota has already set up a large car plant in the U.S. It has no reason to export Taiwan products to U.S. markets to compete with its own cars made there.

Besides, there are arguments in favor of the Republic of China. The export ratio requirement should not be considered a violation of free trade principles because many developed countries, as well as developing nations, have similar requirements on joint venture companies. Even the U.S. itself has imposed a similar requirement on its semiconductor industry. If Washington insists on investigating the ROC's auto development project, the U.S. would also face similar requests from European nations in the future. That is not all. The ROC Government began discussing the export ratio requirement with Toyota long before the American Government worked out its new trade and tariff bill. Therefore, it is rather unfair for the U.S. to impose its recently passed domestic laws to force Free China to change the contents of its trade agreement with other countries. The export ratio requirement is only one of the irritants in the trade relations

between the two countries. At the bottom of the issue, it is the huge trade surplus the ROC enjoys. The reasons for the development are complicated, as ROC spokesman Chang King-yuh pointed out in a recent speech in Houston. Nor is it as serious as the trade figure suggests. The important thing is that the strong economic relations between the Republic of China and the United States are mutually beneficial. Otherwise, they could not have developed so fast. With the ROC Government taking every step to redress the lopsided trade situation, a more equitable solution to the problem will not be difficult to find.

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